



*Land of the Crested Lion* ·

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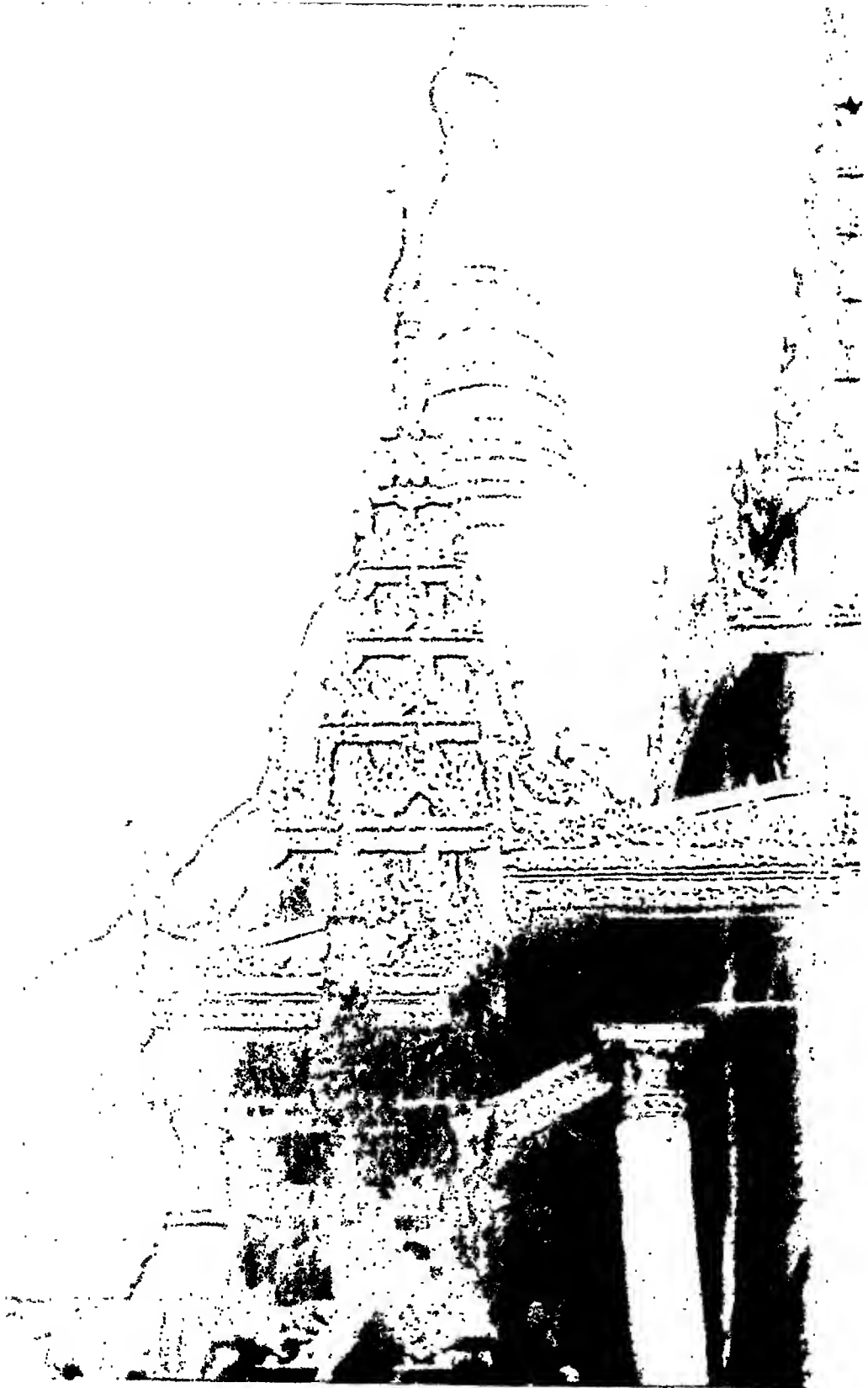
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(Gen'l Gifford and the Rev. Francis Mahony ['Father Proud'])







Le Stupa D'Or de Rangoon

# *Land of the Crested Lion*

A Journey Through Modern Burma ,

By  
*ETHEL MANNIN*

*With 23 Photographs*



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FOR  
JEAN

who should have been with me



# CONTENTS

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	Author's Note	Page 11
Chapter I	Far East Flight	13
II	Pagoda Piece: the Shwe Dagon	19
III	Something about Buddhism	28
IV	The Modern Capital: Rangoon	43
V	Moulmein and the Mons	68
VI	The Deep South: Mergui	81
VII	The Far North: Bhamo	95
VIII	The Ancient Capital: Mandalay	115
IX	Cool Coffee Country: Maymyo	132
X	The Northern Shans: Hsipaw and Lashio	136
XI	The Savage and Enchanted: Mingun	154
XII	Irrawaddy Steamer to Nyaungu	159
XIII	The Dust of a Thousand Years: Pagan	171
XIV	The Dry Zone: Nyaungu to Chauk	178
XV	The Ancient Mon Capital: Pegu	188
XVI	Journey by Bullock-Cart	192
XVII	The Delta: Bassein, Wakima and Maubin	213
XVIII	The Southern Shans: Taunggyi and Kalaw	222
XIX	Lotus and Rainbow	244
	Index	253





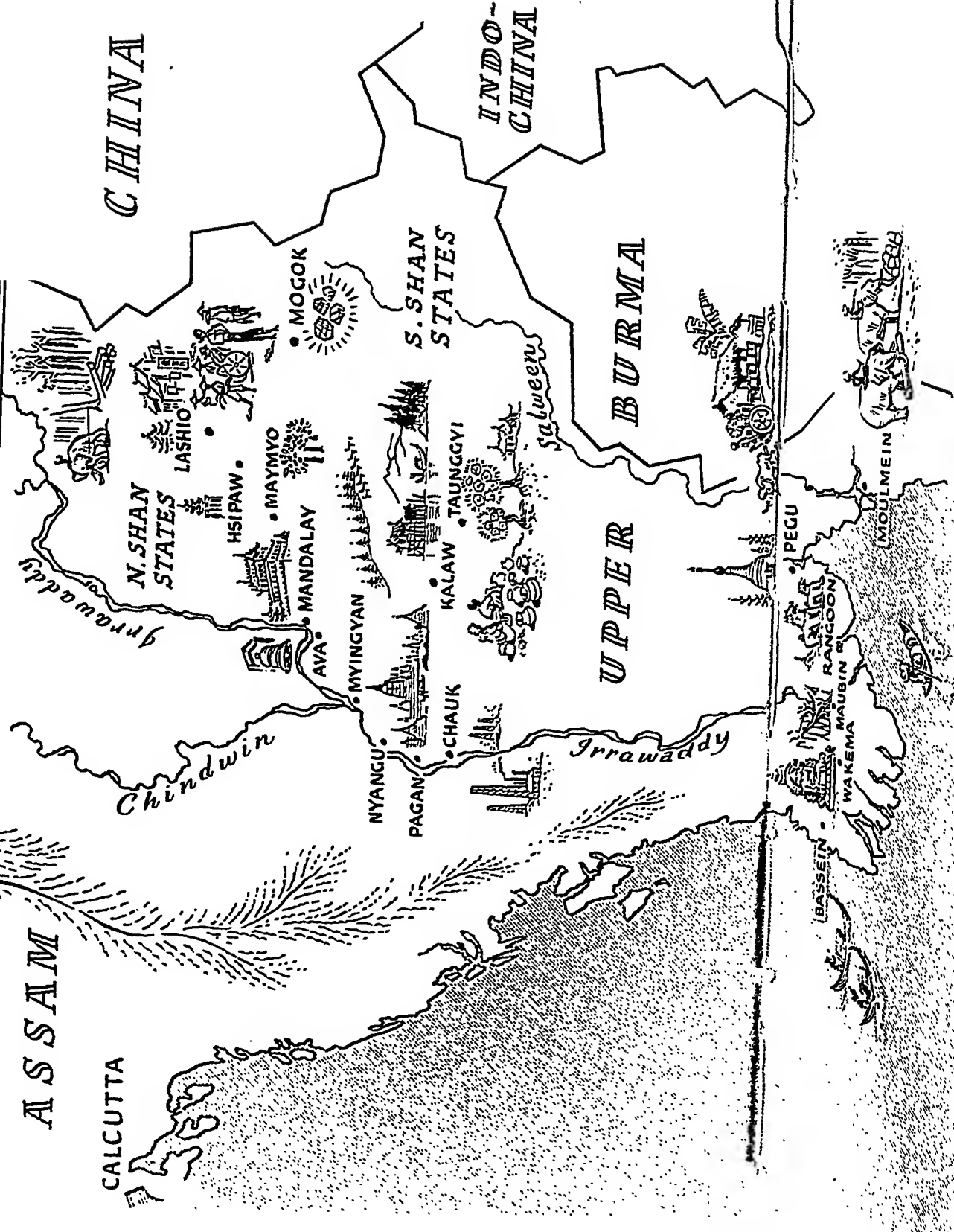


ASSAM

CALCUTTA

CHINA

INDO-CHINA



N. SHAN STATES

S. SHAN STATES

UPPER BURMA

PEGU

Chindwin

Irrawaddy

Salween

LASHIO

HSIPAW

MAYMYO

MANDALAY

AVA

MYINGYAN

NYANGU

PAGAN

CHAUK

KALAW

TAUNGGYI

MOGOK

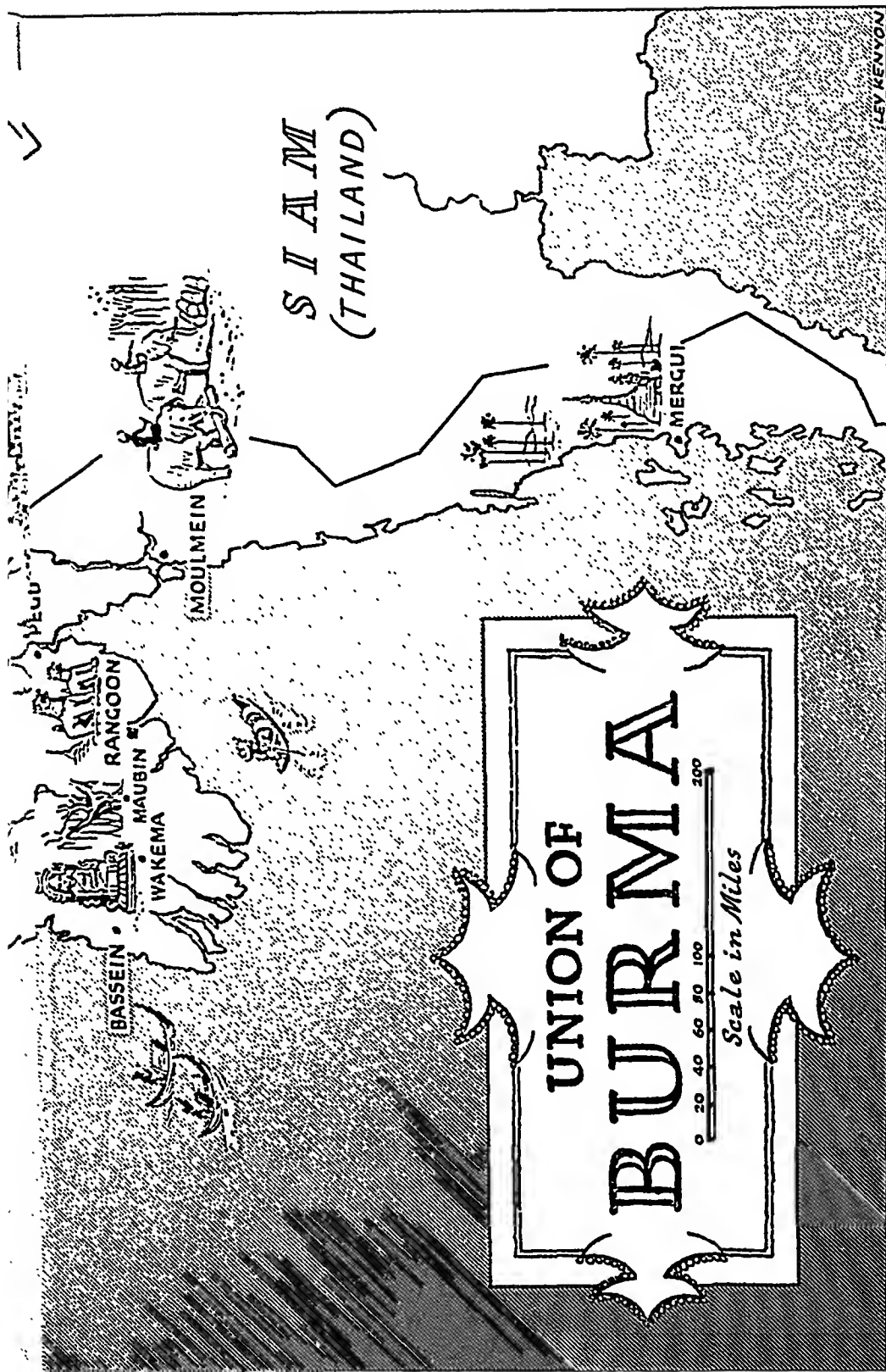
BASSEIN

MAUBIN

WAKEMA

RANGOON

MOULMEIN



S I A M  
(THAILAND)

MERGUI

MOULMEIN

RANGOON

MAUBUN

WAKEMA

BASSEIN

UNION OF  
BURMA

Scale in Miles

0 20 40 60 80 100 200

LEV KENYON



## LIST OF ILLUSTRATIONS

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The Shwe Dagon Pagoda, Rangoon	<i>Frontispiece</i>
Union Day, Rangoon: the Presidential Barge	<i>Facing page 72</i>
Riverine village in Lower Burma	73
Typical small pagoda, Lower Burma	80
Lumber elephants, Bhamo, Upper Burma	81
Market at village on Inle Lake, Shan States	96
Market at Bhamo, Upper Burma	96
Meditation Centre, near Mandalay	97
The 'Golden Monastery', Mandalay	116
At the foot of Mandalay Hill	117
The old wall, Mandalay	124
On the Inle Lake, Shan States	124
The hot springs, near Lashio, Shan States	125
Pagoda, near Hsipaw, Shan States	144
In ancient Pagan	145
New <i>hti</i> for the pagoda, Kawa, Pegu district	208
Author at bamboo house of poor people, near Rangoon	209
Author with the head man's niece, at Phalay, Pegu district	209
In the Delta: Bassein	224
<i>Chinthes</i> , near Kalaw, Shan States	225
Boy and girl dancers of the Mandalay School of Fine Arts	248
The World Peace Pagoda, near Rangoon (from the Assémbly 'Cave')	249



## AUTHOR'S NOTE.

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For assistance with this book I am indebted to a number of people, but outstandingly to Mr. David Maurice, Editor of the *Light of the Dhamma*, Rangoon, Mr. C. Maxwell-Lefroy of the Burmah Oil Company, and the company's very able Publicity Officer, U San Win, all of whom have dealt with innumerable questions with endless patience. In addition to these three whom I continually plagued, I have also received valuable assistance from Mr. Leigh Elsum of the Lode Tin Mines, Mergui, Mr. Noël Whiting of Kalaw, the Reverend Fr. Connealy of St. Columban's Catholic Mission, Bhamo, Mr. Francis Story, founder of the Burma Buddhist World Mission, Rangoon, U Maung Maung of the *Guardian*, Rangoon, Mrs. E. Barraclough of the British Embassy, Rangoon, Siri Sithu U Ba Maung, K.S.M., T.D.M., of the Burmese National Bank, Mandalay, to whom I am also indebted for hospitality and for arranging my programme in Mandalay, and my old friend Mr. Gilbert Turner both for assistance with proofs and the securing of old and out-of-print books about Burma for my purpose.

But without all that was done for me by Thado Maha Thray Sithu U Chan Htoon, then Attorney-General to the Union of Burma, now an associate judge of the Supreme Court, a great deal of the material for the book could not have been collected, for in addition to being my host in Rangoon he made possible for me much that would otherwise have been impossible at that time in travelling the country.

Nor could I have achieved my objectives without the co-operation of the Union Buddha Sasana Council, and the hospitality of both Burmese and British people throughout

the Union. Some of my hosts are named in the book; to the unnamed ones I am not less grateful.

Finally I want to record my gratitude to the first Burman I ever met, U Maung Maung Ji, press-attaché of the Burmese Embassy, London, who was so immediately kind and helpful that I was predisposed to like Burmans before I ever set foot in their incredibly beautiful country and was received with such generosity into their homes.

In the matter of transliterations I have used those most commonly accepted, with the exception of *þungyi*, which is commonly rendered *þhongyi*; here I have chosen the phonetic as the other is misleading as regards pronunciation. 'Zy', as in *kyung*, or *Kyaume*, is pronounced like the English 'ch'. Thus the difficult place-name, *Myithyina*, is pronounced, 'Michina'. I have used the Sanskrit terms *Nirvana* and *Karma*, instead of the Pali, *Nibbana* and *Kamma*, as more familiar to the West, though Burma as a Theravada Buddhist country uses the Pali scriptural texts.





corrugated-iron roof and wire fencing and a café with flags of all nations failing to brighten the dingy-looking tables.

At this airport you are not admissible if you possess even an expired Israeli visa. So bitter a gesture is comprehensible, yet it cannot help the nigh on a million Palestine Arabs dispossessed of their lands and homes and living out their lives in bitterness and despair in camps, caves, and the wilderness. There were those who declared with passion that 'the very stones of Islam would rise' before such a tragedy should come to pass; but it did come to pass, and the stones of Islam did not rise, nor even all Islam—not even the Arab League . . . so that there is a double bitterness in the gesture.

But outside in the sun men lounge idly up against walls, incurious, indifferent, suspended in time, and the sea is brilliant in the curve of the land. There are palms and eucalyptus trees and bright-coloured summer flowers—stocks, marigolds, petunias—and bamboo fencing, and behind the town the hills rise, range upon range, misty with morning and impending heat, the farthest snow-capped. Well, it is something at least to have smelled the air laden with the scent of the now dwindling cedars-of-Lebanon.

At Baghdad there is no such soft enchantment; there is not the same softness on the air, but the East draws closer, for now there are men in *jellabaks*, and women so closely veiled in black *haiks* as to resemble nothing so much as sacks of coal with feet.

The approach to Baghdad from the air is over innumerable palm groves, but from the airport nothing is to be seen. We sit at tables on the burnt-up grass of the open-air restaurant. There are dispirited-looking dishes of nuts and dates, and we are offered tea or coffee or soft drinks. Coco-Cola is one of the choices. Vultures perch on the roof of a building opposite, black gargoyles against a brilliant sky. One of the formalities at Baghdad is the command in the usual 'security' form to state one's religion.

It seems nothing but brown desert all the way from Beirut to Baghdad, with Cyprus from twenty thousand feet appearing as no more than a bare brown rock, and we fly on over the same burnt-up landscape, but quilted now with brown hills. There is no colour but brown everywhere, and even the sea.

as we head out over the mouths of the Euphrates and the Tigris, and fly down the Persian Gulf to Karachi, is colourless.

It is a seven-hour flight to Karachi and we arrive in the evening. The various air lines have their rest-houses here, where passengers in transit may rest, sleep, take showers, and generally refresh themselves. The rest-houses are the usual pattern of bungalows built round compounds full of flowers, with communal lounges and dining-rooms. And there are the usual trundling windmill fans, the house lizards on walls and ceilings, and that emanation of the East shadowed forth strongly now in the warm brief dusk as though it had been developing all day from that first subtle evasive half-promise of Beirut in the morning.

For the six hours that we must spend here each passenger is given three tickets for drinks; when we return to the plane at three in the morning, changed from our warm European clothes into tropical ones, the men in whites, the women in summer dresses, we are all feeling refreshed, one way or another. The night on board is short, for the clock is put forward another two hours, and at seven the stewards waken us with orange juice, to be followed by tea or coffee, egg and bacon, fruit, or what you will. I am fascinated by a woman near me who eats a roll and butter with a knife and fork. I am fascinated by the hearty appetites all round me, following boiled eggs with cold ham and gherkins and cheese. Everyone looks very big and strong; perhaps that is why.

The breakfast trays are removed; we freshen ourselves up and take to looking out of the window again. We are flying straight into a brand new day which in Europe has not yet begun. It is an exciting thought. We are flying straight into the dawn. Some seventeen thousand feet below lies the great red plain of India, with forests and jungles, and pools where the tiger comes to take his sun-up drink before lying up for the heat of the day. We are over the very middle of India; over Nagpur, perhaps, Nagpur of the orange groves, surrounded by the jungles of what used to be called the Central Provinces. The Eastern Ghats, looking from this height bare and brown, seem the merest hills; they appear and are gone, and we head out across the Bay of Bengal.

The passengers sleep and read. The stewards organize a

little diversion, inviting the passengers to guess their ages and win a prize. I guess that the balding steward is not as old as he looks and that the pretty stewardess is probably older than she looks. I guess all three ages correctly and am presented with a Delft china box. But the mild excitement of the guessing game retreats before the excitement of the tremendous dawn-over-Burma into which we are flying.

It seemed to fill the whole world with reflected fire. Then the sun moved up with astonishing rapidity vertically into position and the sky's flame faded into a translucent blue which rapidly deepened. In the East the sun does not lie about among pillows of rose and gold clouds and get up gradually in a long slow curve. It rises straight up out of a bed of fire as theatrically as any stage sun or moon. It was already bright shining day when our great grey 'island in the sky' moved in over the green relief map of Burma.

The first sight of a new country is always exciting, whether viewed from the sea or the air. It is not true that you see nothing when you fly. You see a great deal. You see the shape of the country you are approaching, and its contours. The first sight of Burma flying in across the Bay of Bengal is of forests, and flat land broken up everywhere by water—the mouths of the Irrawaddy, the Delta. It is all so green after the burnt brown plain of India.

The heart quickens, fearfully; a kind of fearful eagerness. This is where you were for months planning to be. This is the land you were for months reading about and thinking about. This is it. The 'plane is already descending. Strangers are gathered to meet you. Kindly, welcoming strangers, but still—strangers. 'It need never have happened.' That is not quite true. In the pattern of your particular *karma* it was bound to happen.

There is a bump. We are down. The earth under racing wheels is Burma.

There was the immediate shock of heat on stepping from the 'plane. One had forgotten that it could be like that. There was a small reception committee gathered at the foot of the 'plane steps. My host, Thado Maha Thray Sithu U Char Htoon, Attorney General to the Union of Burma, had done me

the honour of coming to meet me; with him was U Po Sein of the Union Buddha Sasana Council, a government organization, whose guest I was; also the Australian David Maurice, editor of *The Light of the Dhamma*, published by the Council, and the English Francis Story, founder of the Burma Buddhist World Mission. A Burmese youth presented a bouquet of heat-wilted asters. "Don't feel you are coming to strangers," Francis Story had written encouragingly to London. I had corresponded with both him and David Maurice for some six months; nevertheless when the immigration formalities were over and I drove away with David Maurice and the Attorney General it was a journey into a new world, all potential strangeness, strange potentialities.

There was a confused impression of a hot and dusty landscape, the momentary recognition of the golden pagoda on a hill, then a long drive up through a barbed wire fencing, past an armed guard who saluted as we passed, to a palatial white house, Themis Court, once the residence of the Lord Chief Justice, during the British regime, now that of the Attorney General of independent Burma.

In the cool interior my hostess—whom strictly it is not correct to call Mrs. Chan Htoon, as Burmese women do not take their husband's name—descended the broad polished staircase to greet me. She was, as always in the house, in accordance with custom, barefooted, and wore the characteristic dress of the Burmese woman, that is to say *longyi* and *cingyi*. The *longyi* is simply a long skirt consisting of two yards of material, silk or cotton, the ends stitched together, wrapped tightly round the hips and tucked in at the waist. The same garment is worn by the men, but is fixed differently; on special occasions they wear a more elaborate form of it, called the *pasoe*, very voluminous in front and invariably made of silk. The *cingyi* is a short jacket, with long or short sleeves—always long for formal occasions, such as weddings—and usually of transparent white nylon. This jacket—more like a bolouse than a jacket—is fastened at the neck and down one side with detachable ornate buttons, which may be of real pearls or precious stones. Under it is worn a white bodice of lace and cotton, stiffened to support the bust. This undergarment is of course completely revealed, and when women

first began to wear transparent jackets the monks were incensed, preached against it and led a boycott campaign against the Indian shops which sold the material. In at least one instance a woman was beaten by incensed monks,<sup>1</sup> but their puritanism could not prevail against feminine determination in the matter of fashion, and today the transparent nylon *eingyi* is general with women of all classes, in town and village alike.

But none of all this I knew that first day, when my tall and gracious hostess conducted me up the handsome staircase; indeed I did not know even enough to take off my shoes before we ascended the stairs. I was shown into a large high-ceilinged room with a bare polished floor and two deep windows covered with wire mesh. I was to share this room with Esmé, the fourteen-year-old eldest daughter of U Chan Htoon; mutual affection made it eventually 'our' room—which in retrospect it still is. One window looked into a tall mango tree, the other across a tangle of wild plantain, bamboo and frangipane, to the huge shining golden cone of the Shwe Dagon Pagoda raised above the city on its wooded hill and which I had glimpsed confusedly from the car window. Now there was time to stand and stare—and the feeling that it would be impossible to stare enough. Its gold was burnished by the mid-day sun to a richness and brilliance that dazzled the eye. For it is pure leaf-gold, this pagoda, for the whole of its three-hundred-odd feet, from its broad bell-shaped base to the tapering tip of its *hti*—a jewel-encrusted 'umbrella' fringed by hundreds of gold and silver bells. It was almost in the nature of a shock to realize that this dream-like beauty was, as the crow flies—and the mango tree swarmed with crows—only a few minutes distant.

I read a story once—or perhaps I wrote it myself—about a woman who fell in love with a roundabouts. When I finally turned away from that window I knew that I was in love with a pagoda.

<sup>1</sup> Reported by Major Leroy Christian in his chapter on Religion in Burma in his book, *Burma and the Japanese Invader* (Thacker & Co., Bombay), 1945.

(II)

*PAGODA PIECE: THE SHWE DAGON*

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It is usual when reporting on a foreign country to deal first with the capital. I have observed this in the best travel books, and have also gone to work in this way myself. The Eastern traveller, visiting London or Paris, would not report first on Westminster Abbey or Notre Dame; he would first study and report upon the cities enshrining these treasures. But then Rangoon, the modern, political, capital of Burma does not enshrine the Shwe Dagon Pagoda, which though it dominates the city is not strictly speaking in it but on its outskirts; it may therefore be considered as a separate entity. Rangoon enshrines the Sule Pagoda as positively as London's Piccadilly Circus enshrines the Eros fountain, and the Sule Pagoda is beautiful and of interest, and it, too, is golden, but it is not dramatic like the great Shwe Dagon.

It was not of the Sule Pagoda but of the dramatic, the incomparable Shwe Dagon that Ralph Fitch, that considerable traveller, declared in the sixteenth century, that it was 'the fairest place, as I suppose, that doe bee in all the worlde'. Fitch died a quarter of a century before the Taj Mahal, that 'dream in white marble', was begun; he knew only the dream in pure gold emblazoned against the sky as he sailed up the Rangoon River. Having seen the Taj Mahal, and also the turquoise enamelled domes of the Mosque of Shakh-Zinda, the crowning glory of Tamerlaine's Samarkand, I would still place the Shwe Dagon Pagoda first, without having to think about it.

I do not know why the Shwe Dagon is so incredibly moving. Perhaps it is because of the sheer purity of its line against the flawless sky. It is dramatic and beautiful from whatever angle

it is approached. There are four covered staircases up to it, North, South, East and West. The main entrance is the South, and here at the foot of the steps stand huge guardian beasts, *Chinthes*, which in the Burmese-English dictionary is translated as lions, though they are perhaps more like dragons or griffins. They are crested creatures, with a kind of topknot, and are characteristic of the pagodas everywhere. Those which guard the main entrance of the Shwe Dagon are enormous. They are white, picked out with red, blue and gold paint, and have a fabulous fairytale quality.

At either side of these South steps as you mount—bare-footed—there are small open-fronted shops or stalls, selling Buddha images of all kinds, small gilt shrines for the home, tinselled pictures of the Buddha and his chief disciple, strings of large rosary beads, tinselled marionette dolls, tiny paper parasols for placing on shrines, wood-carvings of the crested lions, ivory carvings of all kinds, real tortoiseshell combs, small oblong drums—essential to Burmese music—and near the top of the stairs flower stalls, where also joss-sticks and candles are sold. The flower stalls are of a sweetness unknown to any European flower stalls, for they are stacked with jasmine, tuber-roses and many other heavily scented flowers native to the East, as well as roses and carnations, and lesser, scentless, flowers such as asters and marigolds. The flowers, singly and in bunches, are tied to thin sticks, so that they may be easily placed in the vases in front of the Buddha images. They will not live, for there is no water in the vases, but they are not intended to, since they are not placed there as a decoration for the shrine, as flowers are arranged on a Christian altar, but solely as an offering; this being so their perfume should not be inhaled by those who offer them, and they should be carried upright, not in any careless, casual fashion.

At the back of some of the stalls, in a kind of half-dark hinterland, there are small shacks at which meals are cooked and tea is made, and here are benches where after dark, when there is no more buying or selling, people sleep. A whole world of life goes on in that half-concealed hinterland beside the pagoda steps.

The North entrance does not connect with a street and is therefore not much used. The steps lead down to jungly land

which before it reaches the road rises again to the hill known as Arzaincegon, 'Martyrs' Hill', so named because on it are the graves of General Aung San and seven of his cabinet who were assassinated at the instigation of U Saw, in an attempted political coup in 1947. Once a year, on Martyrs' Day, July 19th, there is a good deal of coming and going on these North steps, but for the rest of the year they are more or less deserted. The hill itself attracts visitors all the year round, but it is inaccessible from the road, and most people visiting the pagoda prefer the more popular entrances.

The approach to the East steps is through a long bazaar where all manner of things are sold—slippers, clothing, combs, jewellery, religious books and pictures, all the conglomeration that makes up a bazaar, and this bazaar continues on up the steps which seem as a result merely like the continuation of the busy narrow street. Once on these steps with David Maurice we met with a friend of his, an old hermit in from the country. He wore the dark clothes and carried the staff of his calling. After he and David had warmly greeted each other we all three continued on up the steps. David explained that it would not be correct to say that the old man lived by the begging bowl, for he did not in fact beg, but that if anyone liked to make him a present he would accept not as a favour but as conferring one, for the chief benefit would accrue to the giver, who would acquire merit thereby. Without any desire to acquire merit, however, I nevertheless thought it would be nice to give the old man a few rupees, and asked David to convey this to him. This was done and the offer accepted, with the request that it be done in the proper place, up on the platform of the pagoda—the marble paved terrace, that is to say, which encompasses its base.

When we reached the platform we walked round a little, past various carved wooden shrines, beautiful with red lacquer, housing Buddha images of marble or gold or brass or alabaster, until we came to a spot where the hermit said it would be right to give and to accept alms. Having given we abased ourselves at the feet of the venerable man, who gave us his blessing. Then seeing what was going on, and that they had a holy man in their midst, other people came and gave gifts of money, so that it was altogether a good day for the hermit when



he had encountered his old friend on the steps, and a good day for David and for me and for the others who rallied round. The old man explained to us what a good thing it was for us all, and how it was part of his *karma* that he should have been on those particular steps at that particular moment, and we parted in that aura of goodwill which is always a good thing whenever and wherever it is met with.

The West steps are flanked by golden pillars, and the roof is gilded and painted. There are fewer shops and stalls here and in places none at all, so that there are views out over the city, and the walk half way up the pagoda hill is visible. It is beautiful to do this walk at sundown, when the tall palms which spring up here and there at either side of the path lean against the crimson sky and the pagoda takes on an incredible sunset splendour of golden fire. Then as the brief twilight fades the lights come out on the pagoda and the palms blacken against the violet sky. But then, too, by moonlight this walk is most magical; then the palms and the wild plantains of the shrubberies at each side of the path, and the little chalet-like wooden houses at various points, are touched with mystery, and the soft silver light seems to drip from the trees and the ornately carved gables of the houses like water. Inside the little houses people squat on floors eating rice, or telling their beads before a Buddha shrine, by the light of a single candle. There is a tremendous commotion of cicadas.

Between the palms and the neem trees at one side of the path there are sudden glimpses of the lights of the city down below. Above, at the other side of the path, poised between the plumes of the strangely leaning palms, there are glimpses of the illuminated pagoda on its hilltop, its gold as burnished by moonlight as by sunlight, and when the moon is young it is like a jewel that has somehow strayed from the spire of the pagoda. There is a desolate, eerie patch before the path crosses the East steps; only weeds and thorns grow here, and the ground suddenly makes the bare feet aware of flints.

I had here the strange experience of feeling suddenly cold and afraid, with an unaccountable feeling of horror. I exclaimed to my companion that it was as though 'something awful' had happened here at one time. My companion, however, felt nothing except that the going here was stonier.

Crossing the steps and continuing to follow the path at the other side the magic reasserted itself and I had again the feeling of walking in a fairyland of beauty and strangeness remote from everyday reality. It is a curiously private world, too; on neither of the occasions when I invaded it did I see anyone else walking there for the sake of it, and the people living there stared with the air of people not used to being intruded upon, though only the prowling pariah dogs seemed to resent it. It was not until I got back to London that I learned that during the second war of annexation, in 1852, under Lord Dalhousie, the pagoda had been fortified and there had been bitter fighting on the East steps, where the Burmese had been taken by surprise, and many soldiers, both British and Burmese had died there.

At the top of the hill, where the pagoda stands surrounded at its base by lesser pagodas, and by shrines innumerable, all encircled by the flat marble-paved terrace, another new world of strangeness and beauty is revealed. The small golden pagodas round the base of the big one all have their little crowns of bells which tinkle most sweetly in the wind. At the base of the pagoda, too, there are carved wooden shrines, red lacquered, and with charming gabled roofs in tiers, terminating in fine spires, and they, also, have their little bells. There are shrines, too, large and small, across the terrace from the base of the pagoda, all of them housing Buddha images—reclining Buddhas, standing Buddhas, Buddhas in the conventional lotus position. At the top of each flight of steps there are big shrines, with huge Buddha images, and long altars where flowers are laid and candles and joss-sticks lit. In these major shrines men, women and children are always to be found, kneeling on bamboo mats contemplating the Buddha image, bowing down in the act of worship till their foreheads touch the ground, repeating such formulas from the scriptures, such precepts of their faith, as are suited to the occasion, but always that which reminds them that life is suffering, impermanence, change, from which, as the Lord Buddha taught, only the overcoming of craving can release them.

When someone makes a donation to the pagoda fund the big bell is struck, and its reverberations spread far out over the terrace. In his most beautiful book about Burma, *The*

*Soul of a People*,<sup>1</sup> the late Fielding Hall, who was an official in Burma during the British Raj, tells how the British took this bell from the pagoda and sought to bring it to England as a war trophy (it was after the first war of annexation), but as it was being put on board ship it slipped and fell into the river, from which all the efforts of the British engineers failed to raise it. Then the Burmese asked if they might try to recover the bell, their sacred bell, and if they were able to might they be allowed to restore it to the pagoda. 'And they were told, with a laugh, perhaps, that they might; and so they raised it up again, the river giving back to them what it had refused to us, and they took it and hung it where it used to be. There it is now, and you may hear it when you go, giving out a long, deep note, the beat of the pagoda's heart.' The Burmese have not forgotten this story of the bell; I was told it more than once, in Rangoon and in Mandalay, and more than once I read it.

In addition to the lesser pagodas, and the shrines, at the base of the pagoda itself there are little gilded wrought-iron trees, very decorative and charming, with the names of their donors set forth in plaques at their feet. There is also strip-lighting, now, in the various shrines, and on the pagoda itself, and the names of the donors are everywhere prominent. It is a pity, like the mangy pariah dogs who inhabit the pagodas everywhere, but magnificence is not minimized by minor blemishes.

There are always many people up on the pagoda terrace, from early morning till late at night, making it at all hours as lively as a street, with children racing about, people strolling and sitting. It is not considered irreverent when sitting in front of a Buddha image to smoke a cheroot. I have seen both men and women doing it in pagodas everywhere, and chatting as they sit. The Buddha is not considered divine. He was a great teacher, the Enlightened One, the Blessed One. The people come to pay his memory homage, and by repeating his precepts remind themselves of the truths he revealed to the world and which they accept as a way of life. It is a conception of worship and of prayer quite different from the Christian and the Moslem conception. It is a conception of religion in which man must look to himself for salvation, not to any divine power.

<sup>1</sup> MacMillan & Co. (London), 1899.

So the people at the Shwe Dagon, and at the pagodas everywhere, behave according to their current moods and needs; they do not whisper or tiptoe about. They talk and laugh, or they repeat the precepts, or they merely sit silently gazing, each paying homage in his own way, worshipping in his own way.

There are many trees up on the platform of the pagoda, and a number of odd corners behind the shrines where there are little courtyards and terraces looking out over the city to the lakes. There are tall palms here, and shady neem trees, and there is a big old sacred tree to whose base the people piously apply gold-leaf. During the water-festival they bring a great deal of water to this tree—for it was under such a tree that Prince Gautama, who became the Lord Buddha, received his enlightenment. It is very pleasant to sit in the shade of the trees in what might be described as the back streets of the pagoda—taking the broad marbled walk round the base to be the main street—and the people like to sit there, on wooden benches, or perched on the parapet, talking, smoking, eating, admiring the view, or merely watching the coming and going of their fellow-men.

People make the pilgrimage to the Shwe Dagon from all parts of the country; Shans from the Shan States, Kachins from the northern hills, Mons from the villages of the deep south. And there are always *pongyis* (monks—the word means 'great glory') walking about in their orange-coloured robes, and shaven-headed nuns in their pale pink robes; and there are a few beggars, but they are not beggars in the ordinarily accepted sense but beggars as it were for the kingdom of heaven's sake, and mostly they are brown-clad hermit women.

The pagoda enshrines eight hairs of the Buddha's head brought from India more than 2500 years ago by two Burmese merchants. There was then on this southernmost spur of the range of hills known as the Pegu Yoma only the Mon—or Mun—village of Dagon, which eventually became Yangon, from which comes the modern name Rangoon. The shrine now known as the Shwe Dagon was the creation of Shinbyushin, King of Ava, in 1774. He raised it to its present height and gilded it with his own weight in gold. But centuries before then, during the years of the Mon Kingdom of Pegu, Shinsawbu, Queen Regnant of Hanthawaddy, had gilded it with her own weight

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in gold. King Singu, the son of the Emperor Shinbyushin, regilded the pagoda in 1778 and had a sixteen-ton bronze bell cast, which stands now at the north-west corner of the platform. This is the bell which fell into the river during the Anglo-Burmese war of 1824, and was brought up by the Burmese in 1826 and restored to its place. The great canopy or umbrella—the *hti*—was the gift of King Mindon, who founded Mandalay. It cost half a million rupees and is hung with some fifteen hundred bells, one hundred of which are gold, the rest silver. This wonderful gift was sent by the king down the Irrawaddy in 1852, when Lower Burma was already in the hands of the British. The king had begged that one of his own representatives be allowed to officiate at the hoisting of the *hti*, but the British considered that this would be in the nature of a political gesture, and taken as such by the people, and the request was refused. Nevertheless a vast crowd attended the event and celebrated it with great festivities.

The hoisting of a new *hti* for even the smallest of pagodas is always an occasion for festivity, for *puè*, as it is called, when open-air performances of dancing and singing go on literally from dusk till dawn. People come in from far and wide for *puè*, and innumerable eating booths are set up, and stalls for the sale of fruit-juice drinks, sweets, fruit, cakes, and all manner of things. The Burmese love festivals, and it unifies their national life that these festivals are invariably in connection with their religion. There is more to say about *puè*, so important in Burmese life, but the place is not here, where we are considering the fairest place that doe bee in all the worlde.

Aldous Huxley, who found the Taj Mahal 'disappointing', reacted to the Shwe Dagon as to a 'sacred Fun Fair, a Luna Park dedicated to the greater glory of Gautama—but more fantastic, more wildly amusing than any Bank Holiday invention'.<sup>1</sup> That is sad for Mr. Huxley, that his eyes and his spirit were denied the vision of beauty, that he missed 'the perfume of the thousand thousand prayers that have been prayed there, of the thousand thousand holy thoughts that have been thought there'. I have seen this pagoda athwart the mango tree at sunrise, and have leaned upon its parapet at sundown; I have seen it burnished to golden fire in the mid-day

<sup>1</sup> In *Jesting Pilate*.

sun, and bewitched into something in a dream by moonlight. I have heard the tauk-té lizard calling its name somewhere out of sight as I wandered barefoot over the warm stones behind the shrines. I have sat and watched the people come and go in their bright clothes, the women with flowers in their hair, and themselves like flowers, and the young men so straight and slim in their *longyi*s and neat light jackets. I have been up and down the many stairs many times, always at the top meeting with a fresh shock of delight the scent of jasmine and tuber-roses. I have seen the fabulous golden cone reflected in the lake at the other side of the city, by sunlight and moonlight. And by sunlight and moonlight rising above the city in sheer golden purity from its surrounding forest of trees.

I do not merely remember it all, how it looked at these different times, from these different angles, but feel again, recalling it, the emotion it evoked. It is as though the heart itself remembers. Words do not seem adequate to convey such shining beauty; paint might serve the purpose better. But then I think that perhaps the words of Fielding Hall, in which he sums it all up—after describing it as like ‘a great tongue of flame’, and a ‘most wonderful sight, so brilliant in the hot sunshine that it seemed to shake and tremble in the light like a fire’—in a very simple phrase are after all the most telling, since words will not compass such beauty, and there is nothing for it, therefore, but to fall back as he did upon the simplicity of the statement—‘it is a very beautiful place, this pagoda’ . . .



(III)

*SOMETHING ABOUT BUDDHISM*

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doctrines of Theravada Buddhism, as practised in Burma and Ceylon, Laos, Cambodia and Thailand, and the break-away movement known as Mayahana Buddhism, and the relation of both to Tibetan Buddhism and Japanese Zen Buddhism—and the 'Western Buddhism' expounded by Mr. Christmas Humphreys of the London Buddhist Society.

In Rangoon, in the first few days, I had long discussions on Buddhism. I visited a meditation centre outside Rangoon and spent two hours in discussion with its founder. I visited a convent, where the youngest nun was a child of nine, and had a similarly long discussion with the school-master whose services had been called in as interpreter, since the senior nun—the 'mother superior' as we would call her—did not speak English. In Mandalay I had exhaustive discussions with eminent Buddhist scholars—the 'cream of Buddhist intellectual society', I was assured, and meeting them saw no reason to doubt it—and attended discussion groups and took part in them. I began to know the Buddhist answers and to follow the line of reasoning. It all began to make sense as a design for living—and dying.

But long before all that, in the days of my youth, I had read *The Light of Asia* with intense appreciation for its beauty and wisdom, and had been impressed by Sir Edwin Arnold's assertion that more than a third of mankind owe their moral and religious ideas to the teachings of the illustrious Prince Gautama of India, who found the light of truth and became the Buddha. He wrote of Gautama's 'stupendous conquest of humanity', and though the Buddha himself discountenanced ritual, even on the threshold of Nirvana declaring himself to be only what other men might become, 'the love and gratitude of Asia, disobeying his mandate, have given him fervent worship. Forests of flowers are daily laid upon his stainless shrines, and countless millions of lips daily repeat the formula, "I take refuge in Buddha!"'

This stirred my imagination, yet I had to see those forests of flowers laid upon the shrines for myself, and not merely to see but share the lives of the people who laid them, before I began really to understand. And then I think I understood more than in all the intellectual conversations in Mandalay.

There was the young girl in Upper Burma who came out

of her room early one morning bearing two cups of coffee on a tray. I was sitting in the living room, out of which the bedrooms opened, typing. Dismayed that there might still be people abed, to whom the cups of coffee were being taken, I hastily explained that I had believed everyone to be up, and trusted that I had not disturbed anyone.

She assured me that everyone was indeed up—it was ‘late’, already seven o’clock. I explained that I had feared for a moment she might be taking the coffee to still sleeping parents. She in turn explained that the coffee was for the shrine room, ‘for the Lord Buddha’.

I said, “But what use has the Lord Buddha now for coffee, since he no longer inhabits the earth?”

She smiled. “We like to do for him,” she said, “as though he were still with us.”

Later in the day bowls of rice were set before the golden Buddha image in the shrine room. The explanation was simple.

“We like to offer something of our daily food.”

Relentlessly I said—I was still new to the country—“It will go bad and must be thrown away.”

“The flowers we place on the shrines die and are thrown away. Yet still we like to put them there, at the pagodas, and in our homes.”

In every Burmese home there is a Buddha shrine. In the wealthy houses there is a shrine room, where the Buddha image is sometimes of pure gold, set with diamonds and rubies, and surrounded by smaller golden images. The wife in a wealthy household will often take her most beautiful diamond—and the Burmese love jewellery—to set upon the Buddha’s brow. In the humbler homes, in the humblest bamboo house in the remotest off-the-road village, there will be at least a picture of the Buddha, set apart in a little shrine in a corner of the room, and in front of it vases of mauve, white and pink asters, and glasses of water; there may or may not be bowls of rice, but flowers and water there will always be, and both flowers and water will always be fresh. Where there is jasmine it is brought in every morning and threaded into garlands or massed like snow, in all its tremendous sweetness, and placed by the Buddha image. Sometimes a whole house will be filled with the sweetness of the jasmine in the shrine room.

It is not like any of the jasmines commonly found in Europe; it grows on bushes, the leaves are shiny and the flowers double, each one a tiny snowy rosette, and not even frangipani has so pervading a sweetness. The girls string it on long threads for their hair, drivers hang it in their cars and lorries; the tri-shaw boys on the handlebars of their bicycles, and it is always part of the elaborate coiffeur of a bride. But where there is no jasmine for the Buddha shrine or the shrine room there are always the faithful little asters, mauve, white and pink, and in the poorest bamboo hut a few flowers will always be found, if not before a Buddha image at least before some shall cheap picture of the Buddha.

Probably only a very small percentage of the people who lay the flowers and light the candles before the Buddha images at the pagodas, and who place flowers and other offerings before the shrines in their homes, have even heard of the metaphysics of Buddhism, but they do know very clearly the basic principles, the Four Noble Truths, and that life is *Anicca*, *Dukkha*, and *Anatta*—that is, Impermanence, Suffering, Soullessness (or Egolessness; it is not easily translated in one word. Francis Story<sup>1</sup> translates it as 'without any trace of enduring identity or self'). Central to their faith is the belief that life is without beginning and without end, and we are the architects of our destiny, from life to life, the creators of our own *Karma*. And that *Nirvana*—as it is commonly called in the West, though the Pali word is *Nibbāna*—is the ultimate peace, when the cessation of craving behind all suffering ends the cycle of rebirth.

All this they know, and have known since they were children, and every man has at some period, usually during adolescence, but often younger, been a monk, if only for a few days, and many of the women have spent a period as nuns. Some of them know very much more, for Buddhism is both very simple and very complicated. And to what they know simply or complicatedly, the common people add their personal and private devotions drawn from the spirit world. To the spirits, to the *Nats*, gods who inhabit trees and mountains and the upper air, they make those petitional prayers

<sup>1</sup> In his *Elementary Principles of Buddhism* first published by the Rangoon University Buddhist Association.

for which there is, strictly, no place in Buddhism, which postulates only the unalterable law of cause and effect, but which human nature, in its weakness, needs. It has often been contended, and as often refuted, that the religion of Burma is *Nat*-worship—animism—with a thin veneer of Buddhism. That there are a great many *Nat* shrines is true; but they are negligible compared with the Buddha shrines, which are in every home, and the precepts of Buddhism are indisputably household words. It would be absurd, too, to dismiss as a veneer a faith which colours a nation's whole attitude to life and death. In the West we do not consider that people who have their favourite saints, to whom they show a special devotion, to whom they make special petitions, and in whom they have a special faith, deviate from their central Christian belief thereby. The Roman Catholic Church, indeed, encourages devotion in its followers to those saints who for one personal reason or another most appeal to them as sources of help and strength. The saint, by reason of his or her humanity, is nearer in the spirit world than the Almighty God, just as the Mother of God is nearer than her Divine Son, since she too was human. And the *Nats* are subject to the laws of *Karma* and rebirth and *Nirvana*, which brings them, though ethereal beings, close to suffering, struggling humanity. As they are very often evil spirits it is considered wise to propitiate them with offerings of flowers, fruits, nuts. The good spirits can afford protection and their aid may be invoked in human affairs—which the Buddha's cannot, for he has gone to his Eternal Rest in the Great Peace. When a *Nat* is believed to inhabit a tree the people make a shrine of it and bring offerings to it and no one would think of cutting such a tree down or taking liberties of any kind with it. Strictly speaking there is no place for *Nat* worship in Buddhism either; it is extraneous; but people the world over will always adapt their religion to their needs. Humanity, too, bound upon the wheel of pain and stress, has this inherent need for prayer—for the belief in a power greater than itself, and the supplication of that power.

But the people sitting or kneeling in front of the Buddha images and passing the hundred and eight beads through their fingers, or chanting aloud, or murmuring with clasped hands,



## LAND OF THE CRESTED LION

to Someone, Something, so that it seemed to him 'that the religion of the Buddha was one religion and the religion of the Buddhists another; but when I said so to the monks, they were horror-struck, and said that it was because I did not understand'.

Then in his perplexity he placed himself in the position of a Burman trying to understand the discrepancy between Christianity as set forth in the scriptures and as practised by the people. In the scriptures he would find the command of the Founder of the religion that we should love our enemies, do good to them that spitefully use us; that we should turn the other cheek, give to every man that asked of us, and to those who took away our goods ask them not again. And he would see that in practice the Christians did not forgive their enemies, but fought bitter and bloody wars to vanquish them, that they invoked the law to punish those who stole from them, and did no cheek turning in either private or public life. He would read that the great Teacher lived the life of the poorest of the poor, but among the Christians he would find that wealth was held in great esteem. 'He would see the lives of men who have become rich held up as examples to be followed. He would see the ministers who taught the Book with fair incomes ranking themselves, not with the poor, but with the middle classes; he would see the dignitaries of the Church—the men who lead the way to heaven—among the wealthy of the land.'

Thus it is true of all religions, that what people say they believe and what they do in fact believe, as manifested by their actions, are two different things. The system of life, or morals, that a man does in fact follow—that is his real belief. 'For,' as Fielding Hall says,<sup>1</sup> 'it is futile to say that a man believes in one thing and does another. That is not a belief at all. A man may cheat himself, and say it is, but in his heart he knows that it is not. A belief is not a proposition to be assented to, and then put away and forgotten. It is always in our minds, and for ever in our thoughts. It guides our every action, it colours our whole life. It is not for a day, but for ever.'

And in assessing the living beliefs of the Burmese, as opposed to the theoretic ones, Fielding Hall found that he had to reject certain dogmas of Buddhism and accept many things

<sup>1</sup> In *The Soul of a People* (Macmillan & Co. Ltd.), 1899.

that—from the point of view of orthodoxy—had no place there at all. He was concerned to explain not what the Buddha taught but what the Burmese believe, 'and this is not quite the same thing, though in nearly every action of their life the influence of Buddhism is visible more or less strongly'. Can as much be said of the influence of their religion upon the peoples of Christian countries? Perhaps of the religiously devout population of Catholic Ireland. Over and over again there are to be found points of similarity between the Irish and the Burmese—who have been called 'the Irish of the East'.

Fielding Hall wrote of the courage of the Burmese soldiers during the wars with the British, though their religion commands them not to take life. They still fight and kill when occasion seems to them to demand it, though the men who are prepared to shoot other human beings would not put a bullet into a pariah dog to put it out of its misery or tread on a cockroach. And when the law deems it necessary to hang a man for some crime he is hanged. Thus are the laws of the Buddha no less than those of the Christ made subservient to expediency. But with this difference, I think—and as I read him I think that Fielding Hall so thought—that the Buddhist does not attempt to deceive himself. He does not attempt to glorify war and killing; he knows that they are utterly and unalterably evil, because what is true is true for ever and in all circumstances. When he wages war he wages it alone; he has no God on his side. When he sheds blood he takes the consequences of that evil-doing upon himself; he has created that evil and he cannot un-create it; its emanations will not cease to exist when he dies—why should they? How can they? In life upon life the consequences of his actions must follow him; there is no escaping it. This he knows.

Despite the similarity in the moral teaching, and in the mythology, there can be no analogy between Buddhism and Christianity, for in Buddhism there is no system of rewards and punishments, no moral judgments, no question of repentance—as such—and forgiveness, damnation versus salvation. Each man makes his own life, and each subsequent life is determined by his conduct in the former one, according to the inexorable law of cause and effect. Man is inescapably his own *karma*.

The gulf between Buddhism as taught by the Buddha and



## LAND OF THE CRESTED LION

as practised by the people therefore narrow as we examine it. The main points of divergence are the recourse to ritual—the flowers, candles, joss-sticks—and to prayer. In this no commandments are broken; it is all something dictated by human need. Strictly there is no more place for worship in Buddhism than for prayer. According to the Venerable Jñānanda<sup>1</sup> there is no worship. Buddhists merely revere the image of the Buddha as it represents to them the figure of the fountainhead of all true knowledge. Images and relics to them are only symbols possessing no inherent power at all. Flowers, he goes on to say, are placed before the image of the Buddha for two reasons—‘as a mark of reverence and gratitude, and as a means of meditating on the eternal truth of impermanence, as revealed by the fading of a beautiful flower’.

On the lighting of candles and the burning of joss-sticks he makes no comment, but the same reasons could apply. But the outsider, confronted with such forests of flowers, such bunches of joss-sticks, such rows of candles, may wonder, uneasily, whether such devotion to ritual may not carry with it at least the risk of engulfing the doctrine, as in Christianity the outward forms have so largely engulfed the inward meaning—except among the Quakers who are completely free of ritual and dogma and have no priesthood.

Then, too, very often much that is trashy and tawdry vulgarizes a shrine that would otherwise be beautiful—dusty paper flowers, paper parasols, greasy banks of human hair, all manner of shoddy clutter. The Buddha himself, who in his humility and simplicity might conceivably have accepted a few wild flowers from his followers as a tribute if they felt moved to make one, could hardly have done other than turn away in embarrassment and disdaine from so garish an overlay of outward show as appears in the pagodas. On the other hand it could be argued that love and devotion are more important than æsthetic effects—or the litter of joss-stick boxes and candle packages lying down in the holy place. Perhaps. Yet is it not permissible to feel that beauty itself should be respected, and that in all religious devotion it more gracious if it cultivates good taste?

<sup>1</sup> In an article entitled *The Doctrine of Purification in The Light of Buddhism*, Vol. IV, No. 2, 1954.

When Buddhists fail to keep the precepts of their religion they do so wittingly, without any hypocritical attempts at explaining away. They know that the law is immutable and know that their wrong-doing will rebound upon them. '*Karma*,' says the Venerable Jinananda, 'is the universal law of action and reaction, or cause and effect by which we can determine our own future by our own deeds. It is the practical and scientific demonstration of the truth, "As ye sow, so shall ye reap."'

Before we finally leave the subject of the Buddha's command not to take life, something must be said concerning a point which the Western mind commonly finds puzzling—the fact that Buddhists eat meat and that on occasion the Buddha himself did so. It is considered that the precept concerning not taking life is kept if the person eating an animal (or bird or fish) has not killed it himself or given an order for it to be killed, or known that it was to be killed that he might eat of it. The Buddha himself laid down the law quite clearly in the sermon known as the *Jivaka sutta*. It is quoted in Professor Edward J. Thomas's *Life of Buddha*.<sup>1</sup> The Buddha, replying to Jivaka, declared that 'in three cases meat must not be eaten: if it has been seen, heard, or suspected that it was intended for the person. . . . The teaching is the same in the *Vinaya*, the book of the Discipline of the Pali Canon, where Buddha is said to have accepted a meal from the Jain general, Sihā, who had provided meat. The report went about that he had killed an ox for Buddha, but the fact was that he had sent for meat already killed in order to furnish the meal. The *Vinaya* forbids certain kinds of flesh, human, that of elephants, horses, dogs, and certain wild animals.' The footnote to this is that '*macchamamsa* is expressly allowed. This is usually taken to mean "flesh of fish", but it may mean, as Kern takes it, "flesh and fish". In any case as the above instances show, meat under proper conditions was permissible.'

This keeping of the letter of the law, with complete disregard for the spirit of it, is difficult for the Western mind to accept. It cannot be regarded as other than the sheerest sophistry—to eat the fish and despise the fishermen (which the Burmese in fact do, regarding the fishing community as the

<sup>1</sup> Routledge & Kegan Paul. (Revised edition, 1949.)

lowest element in society) and eat meat yet despise the slaughterers. The slaughtering trade and the fishing industry exist like all other trades and industries by reason of the demand; obviously all who avail themselves of the services of the slaughterer and the fishermen help to sustain the demand. But since the Buddha himself laid it down that so long as his followers did not themselves take life, or order it to be taken, they were free to take advantage of the life-taking activities of others there is no more—Buddhistically speaking—to be said about it.

All over Burma when I was there were notices 'be kind to animals by not eating them'. These were commonly believed by the English and Americans to be government notices issued in the name of Buddhism. They were nothing of the kind. They were put out by the Vegetarian Society, the secretary of which I met at the discussion groups in Mandalay. Actually Burmans eat more fish than meat, and prawns and shrimps are found in almost every vegetable dish. There is always one meat dish—beef or mutton, but more often mutton, as beef is difficult to get—actually it is prohibited for economic reasons, as during the war the Japanese and rinderpest between them seriously lowered the cattle population, and it is necessary to maintain that population as cattle are used as well as buffaloes for ploughing and for drawing carts. Pork is not an everyday dish as it is comparatively expensive. Poultry—both ducks and chickens—is popular.

U Chan Htoon expressed it as his opinion in an article in a Ceylon Buddhist newspaper that Burma is moving towards vegetarianism, but this would seem to be more in the nature of wishful-thinking than reality. I met only one Buddhist who was a vegetarian, Dr. Soni, Director-in-Chief of the Institute of Buddhist Culture, Mandalay, and he was a convert from Hinduism. The distinguished Italian Buddhist monk, the Venerable Lokanatha, whom I much wished to meet but just missed in both Rangoon and Mandalay, is a vegetarian, and with him as with Dr. Soni it is a religious article of faith. For them both the dual command not to take life and to show loving kindness to all creatures carries with it, implicitly, the refusal to take advantage of the breaking of this moral law by others. Such an attitude is logical, but the fact does remain that it is not essential to Buddhism.

There is very much more to say about Buddhism, and there are very many learned books on the subject. There are so many books on the subject in all languages that the Lord Buddha who sat under his tree and perceived the truth concerning life and death would be astounded could he see them. He himself did not write one word. His teachings were learned by heart by his disciples, the first monks, during his life time; they were known as 'reciters', and 'reciters' have continued in an unbroken line since that time. At the First Great Council, held in India shortly after the Buddha's death, the Recitation was codified and formalized. It was not until the Fourth Great Council, about 20 B.C., held in Ceylon, that the teachings were written down on palm leaves.

Then came the scholars and the commentators, the development of different schools, and the wise, simple, yet profound teachings of the Enlightened One, which are for all men, became complicated, controversial, theological, metaphysical, and a vast mass of material accumulated. And as with the Christians each sect contends that it alone has the formula of the truth. The earliest known form of the Buddhist scriptures is preserved in the Canon of the Theravada school. This Pali Canon consists of three collections known as the *Pitakas*—the Three Baskets—or the *Tipitaka*, the Threefold Basket. The *Pitakas* consist of the *Suttas*, sermons, the *Vinaya*, which is the rules for the monks, with stories and examples connected therewith, and the *Abidhamma*, in which the doctrines of the sermons are developed, a work for scholars, highly technical and complicated. It has been said that the *Suttas* are for the heart and the *Abidhamma* for the head. Each of these Baskets comprises several volumes. It is the function of the reciters to learn by heart the passages entrusted to them, and there is one young monk in Burma today who can recite the entire vast work—but we will come to him.

On the Wesak Full Moon Day of May, 1954 (falling on May 17th), that is to say on the Festival of the Buddha's birth, which is also the day of his Enlightenment, and of his death, for which reason it is known as the Thrice Blessed Day—on this auspicious day there opened in Rangoon the Sixth Great Council, or *Sangayana*, which means, literally, 'together chanting'. To this great synod Buddhist leaders have come

from all over Asia to work for two years editing and revising the Pali texts. The convocation ends on the Full Moon Day of May, 1956. This historic and heroic event has been inaugurated by the Union Buddha Sasana Council (*Sasana* means the teachings of the Buddha) of Burma, a government organization. Thousands of Burmese men and women gave voluntary service for the building of the huge Assembly Cave, designed to accommodate 5000 monks and 10,000 laymen, the four hostels, each of which will accommodate 1000 monks, a refectory in which 1500 monks may eat at one time, a library, a press building, and other fine large modern buildings—all of which will be handed over to an International Buddhist University in 1956.

On the broad plateau, some six and a half miles outside of Rangoon, where this historic and impressive religious centre has been created, stands the *Kaba Aye*, or World Peace Pagoda, a bell-shaped golden cone, like that of the Shwe Dagon, but imposed on a circular modernly designed building. The idea for this arose in 1948 and the foundation stone was laid in 1950. The crowning ceremony, the hoisting of the golden *hti*, was the following year, with the Prime Minister and the President taking part. Thousands gave voluntary service, and the work of building the pagoda was accomplished in record time. Enshrined in the circular building under the golden cone is a huge silver Buddha image made from the melted-down silver from silver bowls, trays, vases, ornaments, jewellery, brought by the people, who naturally acquired great merit through these gifts, as always with gifts made to pagodas.

The artificial cave is a massive—and impressive—hill of stone, its interior a lofty amphitheatre, with a gallery encircling it between the outer and inner walls, its windows looking out over the wooded hilly country rolling away to the Pégú plain.

Ceylon and Thailand are taking leading parts in co-operating with the Government of the Union of Burma in this tremendous project, the Burmese Government and the Union Buddha Sasana Council having expressed the wish that all Theravada Buddhists 'should have a share in this great and epoch-making undertaking'. It is considered that only by periodic revisions of this kind is the 'light of the Dhamma', the pure Buddhist doctrine, to be preserved. The scriptures were

compiled originally in a cave in Ceylon, which is why the cave has been constructed for the Sixth Council. After the Fifth Great Council, convened in Mandalay by King Mindon in 1871, the 729 pages of the texts were recorded on 729 marble slabs, each protected by a small white temple. Each of these canopies is just big enough to cover the slab, which is 4 feet by 3 feet. The official name of this remarkable religious monument—often referred to as ‘the Buddhist Bible in stone’—is the *Kuthodaw*, or *Lawka Marazain*—meaning ‘the royal work of merit’. The rows and rows of gleaming white temples present an astonishing sight in the bright sunshine; at first sight they would seem to be a city of tombs. This Kuthodaw is the devout King Mindon’s greatest religious work, and a monument to the Fifth Great Council as well as to his piety.

Now once again Burma has the honour and the glory of holding the great religious council, this time in the capital city of Rangoon, now the seat of its own national government. But when tribute has been rendered to this noble, this historic work, upon which immense erudition is being brought to bear, still it is in the hearts and minds of the unlearned ordinary people that the essential spirit of the teachings of the Buddha is to be found, the men and women, young and old, who go up and down the pagoda steps, the great pagodas and the little pagodas, all over Burma, Ceylon, Thailand, Cambodia, Laos, as part of their daily lives, and for whom the editing and revising of the scriptures by the great Sayadaws and Venerable Elders, whilst they acknowledge its importance, remains as remote as *Nirvana* itself. For them it is as true today as when Fielding Hall wrote over fifty years ago, that Buddhism is ‘such a simple faith that it may all be compressed in a very few words. . . . The real proof of the faith is in the results, in the deeds that men do in its name. Discussion will not alter these one way or another.’ When the great task is completed future generations will have ‘a purified teaching, purged of errors which have crept into the text and the commentaries, so that only the pure light of the *Dhamma* will be propagated by the monks who are responsible for the religious education of Buddhist countries; but the basic truths have never been corrupted, for what is true is true in all circumstances, today, tomorrow and for ever, and it is these simple basic truths which

the people know and revere and acknowledge as Right Thinking and Right Living.

I do not know if anyone has ever counted the number of pagodas in Burma. There are thousands in the ancient religious capital of Pagan alone, noble ruins of a great epoch. In Lower Burma the hills are everywhere dotted with the white cones of pagodas, like lighthouses—or sails that have somehow gone adrift on to the land. In Mandalay there are four hundred pagodas in one place, at the foot of the hill, not counting all the great pagodas and the Kuthodaw. And they are still being built, to the greater glory of the Enlightened One. It is a cliché to say that Burma is the land of pagodas, yet no other designation suits it so well.

(IV)

*THE MODERN CAPITAL: RANGOON*

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BEFORE the refugees from the villages where the fighting was going on—the fighting with the Karens, and the Communists, White and Red, and the Chinese nationalists—crowded in, and the street-traders littered the gutters with refuse, Rangoon must have been a pleasant if not a handsome city. The continually made assertion that 'in the English time' it was 'one of the most beautiful cities in the East' is perhaps an exaggeration. But there are trees in the main streets, and the architecture—what the bombing has left of it—is of an amiable Bombay floridity. Wherever there are trees in the streets a city cannot be without charm, and the trees in Rangoon are very beautiful trees; tall koko trees with pink flowers, little shady neem trees, jacaranda trees, and going out to the lakes avenues of tall palm trees.

The Royal Lake is only just outside the town, and manages to catch the reflection of the Shwe Dagon by sunlight and moonlight. At its edge stands the handsome white Boat Club, to which formerly Burmans were not admitted, but which now graciously accepts Europeans. . . . The lake is surrounded by thin woods and at its far end there is a lovely botanic garden. From the lakeside you may hear lions roar—in the zoological gardens across the road.

There are other lakes, farther out. The Victoria or Great Lakes they used to be called; now they are called the Inya Lakes. There is a Chinese restaurant, its garden strung with fairylights, where you may dine beside the water and let the sound of Europeanized Burmese music creep—not unpleasantly—in your ears.



I arrived in Rangoon on the Chinese New Year's Eve, and was taken by my host to a Chinese New Year's Eve party. The women and children sat at one large round table, the men at another. Being a European I was seated with the men. The dishes were innumerable, and for the first time I tasted the two great delicacies, birds' nest soup and shark's fin soup, both of which, I regret to say, were wasted on my uncultivated Western palate, as were the choice titbits of pork crackling and goose skin dipped into chilli sauce, and much else that was exquisite and delicately served, and dexterously eaten with chop-sticks—which is an art I have yet to master. But they were very nice about my European clumsiness and my untutored palate, and indeed, encompassed by strangeness as I was, and so newly spun through the air, it might even be conceded that I acquitted myself fairly well. One thing I discovered by attending this party is that the food one eats in Europe in Chinese restaurants bears very little relation to the food eaten by the Chinese. I had further confirmation of this later, eating in Chinese restaurants in Rangoon. I never in all my Chinese eating in Burma encountered those 'noodles' which figure so largely in the menus of European Chinese restaurants. The scraps of pork to be dipped into chilli sauce are common to all Chinese meals in the East, though I have never met this delicacy in Europe, nor the custom of two people eating from the same dish. In the Chinese restaurants in Mandalay you may drink Japanese beer, if you care to, but in Rangoon the beer comes from Glasgow.

The Chinese restaurants of Rangoon and Mandalay are deceptive. Viewed from outside they give an impression of the utmost squalor, with their bare wooden tables and their floors of bare boards, and the harsh white light of strip lighting which is now everywhere in Burma, even in the pagodas. But a cloth of clean white paper is soon placed on the table, and the young man who waits upon you wears an immaculately clean white shirt, and clean white drill trousers. The food, moreover, will be hot—which Chinese food has to be—and good. You will

not get birds' nest soup in these ordinary restaurants unless it is specially ordered some days ahead, for it is a luxury, but there are concoctions of pork and chicken and vegetables in great variety. The greasiness of the meal is balanced by the little shallow bowl of green tea—known as 'plain tea'—which follows it.

This plain tea is drunk all over Burma, and there is no charge for it in restaurants because it is always included, so that if you do not want coffee but would merely like a cup of plain tea you are in a quandary. Whenever you enter a village house plain tea is brought to you as automatically as a paper fan, and very pleasant it is to sit on a bamboo mat on the floor of a bamboo house, fanning yourself and sipping this very refreshing beverage and watching the sunlight drip from the ragged fronds of the wild plantains in the hot glare outside.

Green tea is also to be taken pickled, served with finely chopped garlic and oddments of spices. It can be taken at any time, at the end of meals, or between them. In many houses there is a Chinese tea-basket, in which the tea-pot is embedded in a thick padding in which it keeps hot for twelve hours. The basket is equipped with the shallow bowls, and there is no reason why you should not sit on the floor all day with your tea-basket beside you, once the paddy is harvested. . . . But I speak of the villages. In the towns you sit on chairs, under electric fans, and they bring you cold drinks—pressed oranges, or bottled orangeade from Mandalay—from massive refrigerators run, very often, on kerosene.

But whether it is plain tea or a cold drink, it is unthinkable that one should enter a Burmese house without being immediately served with one or the other, with an accompaniment, more often than not, of bananas or biscuits, or both. The difficulty is to find accommodation for so much hospitality. Yet in retrospect it is not the discomfort one remembers but the kindness, equally in the big houses with the trundling electric fans, and the little bamboo houses where paper fans are distributed with the tea. 'Be seated,' they say gravely, unrolling a mat for you, and once, grandiloquently, 'Take a seat.'

Touching upon Burmese English usage, let us deal now with the 'footwearing prohibited' notice in all the pagodas and have done with it. Its literal interpretation is too old and stale a joke now to be even mildly funny. The expression is not, anyhow, more absurd than many expressions which have invaded our English tongue from America and the armed forces. "You see," a Burman said to me, wearily, "if we change it to 'footwear prohibited', as the people who want to improve us are always urging us to, the people will think it's a new rule which means that they mustn't even carry their footwear. The people understand what it means—that the wearing of footwear is prohibited. If the highly educated among our own people have no objection to the expression, why should we mind what outsiders think? If it makes us look ridiculous perhaps it is not more ridiculous than the sight of Western people paddling round our pagodas in their socks, frightened to go barefoot. . . ."

Maurice Collis, in his book, *Into Hidden Burma*,<sup>1</sup> recalls that before the first world war the Burmese permitted Europeans to enter pagodas with their shoes on, but that after the war some nationalist-minded monks preached against this, with the result that by 1920 so strong was Burmese feeling in the matter—their nationalism linked, as with the Irish, with their religion—that it was barefoot or nothing. 'It was foreseen,' Maurice Collis remarks, 'that the British would refuse to take off their shoes, as to do so would render them ridiculous.'

He himself, a British government official at the time, in 1920 entered the famous Arakan Pagoda in Mandalay with his shoes on, having been assured by one of the pagoda trustees that it would be all right. The people, observing him, 'showed no incivility but were cool and distant'. When those with him fell upon their knees in front of the great image he alone remained standing, a conspicuous figure, as he says, with his shoes on. He has the honesty to confess that he felt that he was

<sup>1</sup> Faber & Faber, 1933.

'committing a rudeness', and wished that he had not come. He felt, he says, like an outsider, 'or worse, like an oppressor who was taking advantage of his office.'

Mr. V. C. Scott O'Connor, another distinguished authority on the East, in his well-known book on Burma, *The Silken East*,<sup>1</sup> in a foreword to the new edition published in 1928, wrote that it was 'disconcerting' for him to learn that the Shwe Dagon Pagoda was 'now practically closed to Europeans who do not care to walk barefooted up its stairs'. Astonishingly, he adds, 'Few, quite naturally, are willing to comply with this condition.' He goes on to cite the case of 'an American lady of great refinement' who out of her great love for Buddhism and her great desire to see 'the sacred fane' yielded to this 'unnecessary and insanitary obligation'. He felt that it should be possible to make 'a fair and reasonable concession to the habits of Western people'. But why should any people make any concessions touching their religion to people not of their faith? Is it not an impertinence even to expect—still less demand—that they should? The command, 'Put off thy shoes from off thy feet, for the place whereon thou standest is holy ground,' goes back to the Hebraic story of Moses and the burning bush; throughout the East in holy places from ancient times, long before Buddha, long before Christ—who came 600 years later—people have put off their shoes as a mark of reverence, as in the West they have removed their hats.

Yet even Fielding Hall, writing in 1899,<sup>2</sup> seems to have been curiously insensitive in this matter, for writing of the monkhood, and how any stranger may enter and receive shelter and hospitality, he wrote, 'we break all their laws; we ride and wear boots within the sacred enclosure'. And of the wearing of footwear in pagodas he continues, 'If you went into a Mohammedan mosque in Delhi with your boots on you would probably be killed. Yet we clump round the Shwe Dagon Pagoda at our ease, and no one interferes.' He adds that the Burman is ready to believe that 'the Englishman's breaches of decorum are due to foreign manners, to the necessities of our life, to ignorance'.

He might also have added 'and to white arrogance'.

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In the East both dusks and dawns are swift. There is no lingering twilight, and no gradual approach to day. When the sunset flames behind the Shwe Dagon Pagoda you must hurry along the palm avenue to reach the end of the lake before it has melted into the soft mauve of the tropical night. But whilst it lasts nature imitating art produces a gorgeous gaudy picture-postcard of an improbably crimson sky streaked with preposterously 'picturesque' black palms. The pagoda then seems briefly made of golden fire with tongues of flame. Then the wild light is withdrawn from it and it shimmers strung with lights against a backcloth of sudden stars.

Dawn comes to the pagoda with a quenching of lights and a tumult of crows. The dogs begin almost as soon as the crows, and then the knock-knock-knocking of the coppersmith bird and the brain-severed insistence of the unseen bird that shrilly insists 'you're ill, you're ill, you're ill'. The transition from night to day takes only a few minutes, and in those few minutes all living things stir from sleep—human beings, birds, dogs, the cattle that wander the roads, nosing with the pariah dogs into the heaps of garbage. Wood fires are kindled outside the refugee hutments under the trees at the sides of the roads, and kettles and frying pans brought into action—for in the East life is lived out very largely in the open air. People sleep in the open, eat in the open, wash in the open. At the street-corner pumps in the suburbs of Rangoon, and all over the country, you may see men and women filling vessels with water and pouring the water over themselves, the men stripped to the waist, the women with their jackets and bodices removed and their *longyi*s pulled up under their armpits like sarongs. The 'drill' is to pull the clean *longyi* on over the wet one and shuffle the wet one off from underneath. I have never done this at a street pump or beside a lake, but I have done it in the comparative privacy of gardens and back yards of houses where I have stayed in country districts, and for an inexperienced European it is not as easy as it sounds; the problem is to keep the wet *longyi* from slipping whilst you struggle to adjust the dry one.

There is also the problem of underclothes, where to put these garments whilst soaping and water-pouring, and how modestly to get them on again without letting the dry *longyi* slip. Sometimes the washing place is enclosed behind a four-foot fencing of bamboo, which provides both a little privacy and something upon which to hang things. Coping with European clothes when bathing in this way is so difficult that it is better not attempted, and the disadvantages are obvious.

As soon as it is light, in towns and villages alike, small processions of monks are to be seen everywhere making their rounds with their food bowls. Then women come out of their houses with offerings of rice and curry, which the monks must accept without a word. They do not beg, but merely make it possible for the donors to acquire merit—and great merit attaches to the feeding of monks. All food is taken back to the *pongyi-kyaungs*, the monasteries, and shared out. *Pongyis* may not eat after mid-day.

With sun-up, too, the water-sellers come round to every house with their huge barrels on wheels, or petrol tins carried pannier-wise attached to a pole across the shoulders. This I did not see in Rangoon, but everywhere in Mandalay.

## 5

Rangoon as it exists today was planned by a British officer of the Bengal Engineers, Lieutenant A. Fraser, after the British occupation of Lower Burma in 1853. He was considered to have made a fine job of laying out the city, and a street was named after him. He was probably the first town-planner of South East Asia.

It is ironic that after several years of independence the chief streets of the Burmese capital still retain the old British imperialist names. There is Phayre Street, named after Colonel Sir Arthur Phayre, the first commissioner of British Burma, and parallel with Fraser Street there is Dalhousie Street named after Lord Dalhousie, Governor-General of India and the instigator of the first war of annexation, to name the most important examples. Phayre Street is broad, with trees at either side, and is given a certain distinction by the imposing



portico of the British Council Library. Dalhousie Street's only distinction is that between its starting point, somewhere down in Chinatown on the waterfront, and the Sule Pagoda, there is a line of concrete blocks down the middle turning it into a narrow two-way thoroughfare.

The Sule Pagoda stands islanded where Dalhousie Street crosses the Sule Pagoda Road. Across from it there is Bandoola Square, and here the name has been changed in keeping with the times, for this small park in which a tall obelisk known as the Independence Monument has been erected, was once known as Fytche Square, after a British administrator, but has been renamed after the Burmese general, Maha Bandoola, who lost his life fighting the British in the war in which Upper Burma was annexed in 1886—there is a cannon ball from the battle in the square.

South the Sule Pagoda Road runs down to the Strand Road along the waterfront. Across from the square stands the City Hall, which is architecturally a combination of East and West, stately with pillars, but very Oriental about the roof, with towers like little pagodas at each corner, and the roofing over the main entrance tiered, with upturned gables and spires. Going north to cross Fraser Street the Sule Pagoda Road is possessed by a Broadway garishness of cinemas and crude cinema posters. At the cross-roads there is a merry-go-round of dusty earth where every night crowds of men and boys sit whilst the traffic swirls round them, rather as people sit on the steps round the Eros fountain in Piccadilly Circus, but without any expanse of pavement separating them from the traffic. There is a railway bridge at this end, and a feeling of being already on the outskirts of the city. The chief cinemas are all here, showing American, English, Indian and Burmese films. Loud-speakers relay a raucous music from the cinemas—bioscopes, as they are still called—and there are also poster-covered loud-speaker vans in the road advertising the film attractions, so that there is all the din of a fun-fair, without the fun. Yet there is a certain fascination about this Sule Pagoda Road, with the merry-go-round at one end and the river at the other and the golden pagoda in between. It becomes a boulevard between the merry-go-round and the pagoda, with pavements flanked by koko trees in the centre,

where men and boys squat on the kerbs throwing dice, gossiping, or merely watching the world go by. There are several Chinese restaurants on this stretch of the road, and a large Indian one with a balcony on the first floor. In the hot nights, when the neon lights impose a synthetic enchantment on the vulgarity and garishness, it is pleasant to dine on this balcony and look out over the crowded street, with its black-headed, white-shirted mobs—rather than queues—seething outside the cinemas. There is an impression that every person in the crowd, which seems to be all male, is gripping the elbows of the person in front, and when the box-office opens there is a tremendous impulse forward then back, like a tug-of-war in reverse. The crowd has become a kind of massed cordon, and it is a curious and startling sight when it lurches forward then reels back upon itself. The babble of voices is like a vibrating hum above the clangour of bicycle bells and the noises of motor traffic. Among the parked cars in the middle of the road the tri-shaw boys perch on their bicycles waiting indolently for passengers.

Continuing on, past the pagoda and Bandoola park, you come to the river, and another curious piece of architecture—the Port Commissioners Building on the Strand Road. It has a tall square tower like a minaret, set at the corner of a white building with windows set back from the glare of the sun along shady colonnaded balconies. For a very short distance it is possible to stroll along the waterfront and watch the shipping. It is a favourite place to come to at night, when the lighted ships assume romance, and any breeze that is stirring comes along the river. Indians in their white *dhotis*, ghostly in the darkness, come and squat under the trees, or sit with their backs to the corrugated iron that fences off the docks. They squat or sit crosslegged in small groups, and perhaps this small riverside space is some kind of substitute for the spaciousness of the Gateway of India on the Bombay waterfront. The Indian quarter is close, just in behind the impressive buildings of the Strand; there the streets are narrow and dirty and teeming with life, purely Indian life, and it could be a back street in Bombay or Calcutta or Benares.

The Chinese quarter is not far off, along the river, with bazaar streets behind. There is a fruit market, faintly reminiscent of Covent Garden. Facing the river, but lying back across

a courtyard, there is a Chinese Buddhist Temple, the Kwan Inn Goddess Temple. It contains ornate gilded and lacquer shrines, Buddha images, and images of Chinese deities, including one of the goddess sitting on lotus flowers. There are potted plants standing about on the floor, and a great many dusty paper flowers on the shrines. During the festival season, before the monsoon breaks, *pwè* is held in the courtyard, but actors impersonating old men with enormously long beards and wielding enormously long swords make it markedly different from Burmese *pwè*. All round the temple when there is *pwè* there are food and drink stalls and eating booths. Men, women and children form a dense crowd in the courtyard and along the temple steps. Children and young men climb the surrounding trees. Every now and then someone more interested in the future than in the play enters the temple and after first kneeling before the goddess and stating what it is desired to know—whether some loved one who is ill will recover, whether it is safe to undertake a certain journey, or a certain business venture, and so on—then stands before the shrine and shakes a container full of sticks until one of them jumps out, the shaker having first decided which way it should fall. If it fails to fall in this way the process is repeated until it does so—which it is eventually bound to do. Each stick has markings on it which serve as a reference to particular answers filed in an enormous card index at the entrance of the temple, and which is consulted after the stick has fallen satisfactorily. The readings are taken only from the sticks which have fallen the desired way. If the person who seeks the answers is able to do so he reads them for himself; if not he consults the clerks in charge. A different batch of sticks will provide the references for Chinese medical prescriptions for various diseases and illnesses. It is fortune-telling with a difference. It has nothing to do with Buddhism; it is an accretion, like *Nat*-worship.

The crowd outside, watching the play, is silent and absorbed, and solidly Chinese. They only momentarily turn their heads when two Europeans shoulder a way through them to reach the temple, and inside the temple the intruders are quite unregarded. The fantasy of the play and the fantasy of the future are equally absorbing.

The wharves struggle for miles along the riverside, and the

rats scamper under the parked lorries of the fruit market and among the piled-up refuse. But across the road all is light and colour, gold and lacquer, dragons and mystery and enchantment, an outpost of the Farthest East.

## 6

Shortly after my arrival in Rangoon I went off on a journey to the deep South, which I wanted to see before the weather became hotter. "But you must be back by the twelfth," said the Attorney General. "That," he insisted, "is very important." February the twelfth is Union Day. It is not to be confused with Independence Day, which is January the fourth, or National Day which is March 27th, and which celebrates the nationalist spirit awakened in 1920 by a great school and college strike in protest against new repressive measures imposed by the British rulers. Union Day celebrates the union of all the states into the federation now known as the Union of Burma.

The festivities begin at seven in the morning with processions of the different tribes of hill people into the city. In the heat of afternoon there are boat-races on the Royal Lake, with the President and various ministers and other important persons watching from the terrace of the Boat Club. The banks of the lake are black with umbrellas raised against the sun. Below this black roofing over the dense crowds there are the brilliant and diverse colours of the *longyis*. Above the roofing of umbrellas the tall palms lean against the dazzling cloudless sky. In the glimmering distance the Shwe Dagon Pagoda gives back the sunlight blindingly from its own hot gold. At the Boat Club, under the awning, there is a great flutter of fans. Indian bearers in white uniforms go round with jugs of iced fruit drinks. The President and his entourage take their place on the settee of honour in the front row, and the races begin. No one appears to pay much heed to the racing. Camera men are busy getting pictures of the President, and heads are turned in all directions to see who is who under the huge marquee. Only the people in the rows of chairs immediately behind the Presidential party have any chance of seeing anything anyhow; behind these rows there are people seated at small tables, from which the water is

hardly visible. Nevertheless teams of young men row very fast and long narrow boats shoot past the Presidential settee. Presently announcements are made and the winning teams are presented to the President. Then silver cups are placed on a cushion from which he takes them and hands them to the team leaders. Long-haired Chins from the northern hills win several of these trophies. Strange it must be to return to a village of bamboo huts up in the wild beautiful northern hills with these valuable silver cups. What do they do with them, where do they place them, in their furniture-less homes? And their long slender boats, hollowed out of whole tree trunks, do they go back with them on the 'planes and trains that brought them here, all the way from the far north? And how can they, who are used to the cool mountain airs, breathe down here on the burning plain—let alone win races in the heat of noon? Yet this they do, and meet the President himself and receive their prizes at his hands.

When the prize-giving is over the President and various ministers and others, including the British Ambassador, and the Attorney General's party, go aboard the Presidential barge, than which Queen Cleopatra herself had nothing more royally beautiful. The deck of the barge is a square platform supported on the backs of huge rosy-chested golden birds which form the bows, their fishlike tails thrusting up in the stern. The roof of the barge is constructed in an ornate Siamese pagoda style, and it is all silver and gold, of a fairylike loveliness, which is enhanced at night by floodlighting. But now its silver and gold is burnished by the hot bright afternoon sunshine, and at each side of the barge are pretty young girls in pale green silk *longyi*s, and wearing a festive amount of jewellery, each with several rows of pearls embellishing her transparent white jacket. Their long black hair is worn in bunches down their backs and is festooned with chains of jasmine. Each girl carries a green paddle with which she pretends to paddle the barge, whilst singing the Burma Union Song. The tour round the lake takes about an hour and the girls paddle and sing vigorously and non-stop. The song is sung in Burmese; it greets the President and prays 'for the Welfare State's real coming', and 'that peace on our land may come to stay'. It is a pity that the words of patriotic songs everywhere—with the exception of the *Marsel-*

*laisé*—are so invariably banal despite the lofty sentiments. The tune of the Burma Union Song, however, is very catchy, and when you have heard it sung over and over and over again, for an hour, you are inclined to go on hearing it even when it is no longer being sung.

Whilst the pretty girls paddle and sing so diligently, no less tirelessly two girls in white, up in the bows, posture non-stop in Burmese dancing, joining in the singing the while. It is all very charming, in an ethereal, fairylike fashion. The President stands and gently waves a white handkerchief to the crowds massed on the low slopes all round the lake, and the crowds cheer, section by section, as the barge passes, all gold and silver in the sunshine, with its dancing and singing nymphs.

When the barge has made the circuit of the lake and returned to its starting point the crowds on the banks disperse, but the festivities are by no means over. The sun goes down but the moon comes up and the night blooms with lights in all directions, with singing and dancing and laughter. There is an open-air marionette show on some wasteland near the lake; the Burmese love marionettes and bring considerable artistry both to the creation of the puppets and to their manipulation. The hands of the manipulators are not hidden, and are as fascinating to watch as the puppets themselves. Some way out of the city there is an open-air theatre, and all that goes with *pwé*—side-shows, eating-booths, toy balloon sellers, open-air film shows. There is no charge for all this—on this or any other occasion. The theatrical company is paid from subscriptions collected in the locality, or perhaps by some rich donor, on the occasion of the opening of some new *pongyi-kyauung*, or the presentation and hoisting of a new *hti* for a local pagoda, or perhaps as part of the festivities accompanying a *shinbyu* ceremony, when a boy leaves home to serve his time as a *pongyi*; or perhaps it is nothing to do with any of these occasions, but simply that because it is the *pwé* season someone has felt moved to acquire merit by providing the locality with entertainment.

At some *pwés* a huge bamboo tent is erected, and the rupee charged for admission includes the hire of a mat to spread on the already bamboo-matting covered ground. People go in at about eight or nine, and from nine till midnight the programme consists entirely of dancing, singing, clowning. After midnight



unashamed. Such conduct is frowned upon, and I have heard the condemnation carry with it the rider that 'not all who wear the yellow robe are entitled to do so'. But the bad *pongys* and the fake *pongys* are a product of the cities—Mandalay had a bad reputation in this respect at one time—and whilst their existence is admitted it is generally agreed that the vast majority of the order are worthy of the respect accorded them.

In the evening of Union Day there was a dinner at the Boat Club, attended by the President and the Prime Minister and all the V.I.P.'s of the afternoon. I was presented to the President and sat with him for a futile moment or two on a settee under a standard lamp at the far side of a large room—for just so long as it took to pilot the next person to be presented across the intervening space. (Fortunately I was taken by U Chan Htoon to meet him properly at the end of my tour.)

Dinner was served at long tables on the terrace overlooking the lake. It should have been romantic and beautiful to have dined there, with the moon and the glimmering water and the barge loading like something out of an Eastern fairytale islanded there in the lake, but instead the beauty of the night and of the setting was violated by loudspeakers which relayed Westernized Burmese music and popular film song hits, deafeningly and persistently. As the Burman next to me remarked, as we struggled with conversation against it, the loudspeaker has become the curse of the East. With strip-lighting as a runner-up; though by the vast majority this is regarded not as a curse but as a boon, because of its cheapness. This means that in every house, café, restaurant, throughout the length and breadth of Burma, wherever there is electricity there this horrible white light is to be found winking away. Even in the pagodas; even against the golden sides of the Shwe Dagon; even in the ancient shrines.

At the President's house the following day there was a presentation to a *pongyi* who had performed the prodigious feat



of reciting, from memory, word-perfect, the entire Buddhist scriptures, the *Tipitaka* entire. For this occasion, as national dress was obligatory, my hostess lent me a handsome yellow silk *longyi*, a long-sleeved white nylon jacket, a gauzy yellow scarf, and more jewellery than I have ever worn at one time in my life—since no Burmese lady of any standing, dressed for a State occasion, or a social one, would consider one small pearl necklet anything like adequate. As it was the first time I had worn a *longyi* it was thought advisable I should also wear a silver chain belt to prevent any risk of incontinently coming to pieces. A *longyi*, wrapped so tightly round the waist and hips, feels very restricting after European dresses and skirts, and much less cool. Belts are often worn with *longyis* by both sexes; the wearing of them at least prohibits the continual pulling out and refolding of the garment, in the streets, at the pagodas, everywhere, which is considered bad manners, but which is apparently unavoidable if the garment is to be kept tightly in position without wearing a belt to secure it.

The President's house is a huge ugly red brick building in the worst nondescript Victorian style and during the British regime was the residence of the Governor-General. 'The second ugliest building in Rangoon,' the Prime Minister, U Nu calls it (in his book, *Burma under the Japanese*<sup>1</sup>)—without specifying the ugliest. (Some people consider the Central Jail the ugliest, others the Secretariat.) Inside, however, all is very palatial. The great golden throne of King Thibaw, the last king of Burma, dethroned by the British in 1885, has been converted into a shrine, with a golden Buddha image with a multi-coloured revolving halo behind his head. In this shrine-room, immensely lofty and pillared, the presentation was made. We all sat on the floor, the sexes as always segregated, and in front of us, on the women's side, sat a row of nuns wearing the usual pink robes, their heads shaven. Facing us all sat a row of extremely aged monks in their yellow robes. On golden silk cushions, under ornamental parasols, in front of these old monks sat two young ones, one of them the prodigy to whom the presentation was being made, the other one also very learned and distinguished. These two young *pongyis* held fans modestly before their faces as they sat, their heads down

<sup>1</sup> English edition, translated by J. S. Furnivall (Macmillan & Co. Ltd.), 1954.

bent, so that they should not look upon the finely arrayed women facing them.

The Minister for Religious Affairs, U Win, gave a long discourse in Burmese on Buddhism, and on the achievement of the young *pongyi* being honoured that day. It all went on for some hours whilst cramp appeared to threaten first in one leg and then in the other in more than one of the audience. Only the nuns and the monks sat immobile, like carved figures. The cool of the early morning wore away and it began to be hot, in spite of the many huge fans whirling high up overhead. Where I sat among the ladies there was a tremendous smell of jasmine from all the strings of it dangling from their glossy hair, which was dressed elaborately, twisted round a cone on top, in the correct court style. Some of them wore tinselled artificial flowers among the real flowers—jasmine, roses, frangipani—in their hair. We moved our fans and shifted our positions, our feet tucked under us. The sermonizing and the reading of scriptures ended and the presentation of gifts was made to the young monk—a most beautiful carved ivory fan from the Government, a camera, a certificate encased in an engraved brass container resting on carved stands—who accepted them all silently, as monks are supposed to receive whatever is given them—not smiling or speaking, but taking them only into his hands, and that only momentarily, in token of acceptance.

When it was all over the venerable monks left first, helped to their feet by the more able-bodied. Then, the sexes still segregated, the rest of us went out and into rooms where we ate rice and delicious curries, seated on the floor, round low tables. And still there was an atmosphere of jasmine and frangipani, and the chatter that now ran through the company made it seem, with the sheen of its bright silks, like a flock of humming-birds.

## 8

Back at Themis Court I carefully removed all the borrowed finery and lay on the bed under the fan, for it was by then very hot; also after so much floor-sitting it was pleasant to lie stretched out. In this position, too, it is easy to relax and think. I looked up at the mosquito net furled back upon its white

canopy like the sails of a ship and thought of the young monk and his prodigious feat. He had an intelligent, sensitive face, which even heavy pock marks at one side did not make unattractive. I wondered about his mind—whether his astonishing performance had been the result of years of concentration, or whether such a memory was a freak of nature. I wondered how many hours the recitation had taken. Someone had said weeks, but had not specified how many hours a day he had devoted to it. The memorizing of whole books of the Canon by ‘reciters’ was, of course, I reflected, nothing new in the history of Buddhism, but if it had ever happened before it must anyhow be extremely unusual for anyone to memorize the whole of the Three Baskets, all the volumes of the *Tipitaka*. I wondered about the value of such a fabulous feat of memory.

I regarded the great propeller of a fan whirling overhead. It seemed to be churning up only hot air, like a gathering of politicians; the Japanese fan I had taken to the reception would be more effective, but I could not make the effort to get up and fetch it from the dressing-table, and I have never been able to acquire the Eastern habit of shouting for a servant. I wondered if the young man would find any use for the beautiful carved ivory fan. It was probably meant only for decoration, like those china plates people put on walls. He would scarcely have any use for the camera. Perhaps he had a little brother who would be glad of it. I thought about the nuns who when they first entered I had mistaken for monks, because of their shaved heads.

My thoughts flowed on to the nunnery I had visited recently, where the nuns were little girls, the eldest only about sixteen, the youngest nine, and how I was told that these children even in the little time they are allowed away from learning the scriptures must be always staid and grave—‘serious’ was the word used. I asked, troubled, didn’t they, the little ones at least, ever become homesick? The interpreter volunteered to ask the youngest of them for me. He asked her if she would like to go back home to her parents; she replied that she did not wish to go. “Ask her,” I said, “why she chooses to be a nun.” The reply, which was prompt, through the interpreter, was, “Because I am willing to go where there is no misery.” The interpreter—he was the village schoolmaster—turned to me



I found other people similarly unimpressed by what, when I had first heard of it, seemed to me so astonishing. Oh yes, they said, we do get such children occasionally; it simply means that they have remembered their learning from former lives. The phenomenon can thus be explained in the light of *karma*, or as one of those abnormal memories which do sometimes occur and in the West are exploited for entertainment purposes.

So much in the East is ringed round for the Westerner with a huge question mark—not necessarily of scepticism but of puzzlement. Pilate's question, "What is truth?" continually reasserts itself.

Because of my interest in meditation I was taken by a *guru* who claimed a good deal of success with pupils from all parts of the world to his meditation centre, where he showed me the meditation cells, explained his methods, and showed me testimonials from various pupils who had attained proficiency in meditation under his guidance. He told me of a young Hindu clerk in his office in Rangoon whom he had converted to Buddhism and taught to meditate. He claimed that since he had learned to meditate the young man had been cured of high blood-pressure which had previously kept him in continuously poor health. Also, since he had received enlightenment, to use the *guru's* words (I made notes at the time), this young married man of thirty had been 'completely without passion', and lived with his twenty-year-old wife as 'brother and sister'. When I suggested that this was perhaps trying for the young wife I was assured that on the contrary she also was in the process of being converted. . . .

The young man was duly produced for me. He was a little shy, perhaps, but he demonstrated his capacity for meditation by falling upon his knees in the shrine-room and going into a trance, his eyes closed. I was invited to lift one of his hands resting on the floor. I attempted this but could not do so. After a few minutes, two or three perhaps, he opened his eyes but remained in position, his eyes half closed. He appeared to be conscious. The following conversation took place:

"Do you remember your former existence?"

"Yes, sir, I was a famous writer."

"What sort of books did you write?"

"I wrote books of philosophy."

Intellectually speaking he would appear to have come down in the world in this incarnation. I said that I would like to know, if possible, something of the young man's experiences during meditation. The *guru* had already told me that the general experience of people who meditated was that afterwards they had a great feeling of mental and spiritual 'refreshment'. I had read this also in Buddhist writings on the subject. The *guru* put the question to the young man now and got the right answer, pat, "I feel refreshed."

I met at the same time another Hindu, this one an elderly man not converted to Buddhism, but who wanted to practise meditation as he had a great wish 'to see the Lord Krishna', which pious ambition, I gathered, he had to date failed to realize.

The *guru* asked him how he was getting on, and he replied, "There are disturbances. There was sexual impulse this morning."

The *guru* assured him, encouragingly, "You'll soon be over that!"

Some months later, however, I met this same Hindu at Themis Court, where there was always a great coming and going of people.

"I have met you before somewhere, sister," he said.

I reminded him of the circumstances, and asked, "How are you getting on with your meditation?"

He looked troubled.

"Slowly," he said. "There are disturbances."

Buddhist 'meditation' is not meditation as generally understood in the West; the word is misleading. It is not religious contemplation, but an emptying of the mind, extremely difficult to achieve. The normal tendency is to think about oneself not thinking—which of course means that one *is* thinking. In the West we know what it is to think (for as Chesterton has observed, 'men at times are sober, and think by fits and starts—') and we know what it is to meditate upon a given subject, from the state of the soul down to the right word in a cross-word puzzle; and we know the meaning of reverie, when

the mind aimlessly and uncontrollably drifts. But meditation in the Buddhist sense is none of all this; it is the achievement of what the Buddhists themselves call 'one pointedness'. Or as David Maurice put it to me once—thinking of the mind in terms of a film reel, meditation is the slowing down of the mind to a 'still'. It is a becoming-aware, not possible without concentration and long practising, for in all that we do we are unaware, every breath that we draw, every flicker of an eyelash. So meditation is often taught by first teaching awareness of every breath, its inhalation and respiration, awareness of that and only that, fixing the mind down to that one focal point. Or it is taught by the awareness of every movement involved in raising the hand. The first exercises in meditation are usually these, and the process is long, slow, tedious. And when *Samadhi*, one-pointedness of mind, has been at last achieved, it still remains difficult to maintain for more than a few minutes. When I asked David Maurice once, "When you've achieved meditation isn't it difficult to get back?" he smiled, ruefully, and replied that the difficulty was not to get back but to stay there. There are some Buddhists who shrink from attempting it, yet it is an important part of Buddhism, and the really devout Buddhist will usually attempt it, with varying degrees of success dependent on mentality and temperament.

The contemplation of breathing to assist meditation is called *Anapānasati*. In the words of Nyanasatta Thera, of the Kolatenne Hermitage, Colombo, "Those who do not need any external objects for their meditation may practise the contemplation of breathing. . . . When respiration has become so refined that one does not feel it at all, one may meditate on the nature of the process, and then on one's body and mind, the base of respiration. One contemplates the rising and passing away of material and mental processes, their impermanence, suffering, and the conditioned nature of all phenomena. Then a vision of reality opens to us as we are thus concentrated. Such moments of unforced, spontaneous, of passive awareness of what is—these are the really creative moments. They transform and mould our character, without our having forced any change. We advance in understanding, peace, happiness, and have an unshaken confidence in our progress on the right path of Enlightenment. We always emerge from such meditation

refreshed, strengthened, as if entering a new world of understanding, love, peace, harmony.'

No one is able to define the 'vision of reality'; the nature of the experience appears to be as incommunicable as the condition of *Nirvana*. There are people who can achieve this one-pointedness for themselves, with no guiding teacher, no *guru*, and they are not necessarily people of great intellect. Others need to persevere with exercises in breathing-awareness for weeks, and such people may be intellectuals, who simply because of the liveliness of their minds find it difficult to concentrate. Sitting or kneeling in front of a Buddha image, in the house or at a pagoda, and meditating upon the Blessed One's teachings and the path of Enlightenment—and there are a number of formulae for this purpose—is another matter. Devout Buddhists, both men and women, go away to meditation centres periodically, rather as Catholic priests go into retreat, in order to give themselves up entirely to the life of the spirit without interruption from the world. But there the similarity ends, for Christian religious contemplation and Buddhist meditation are poles apart. The Buddhist who is able to meditate, for long or short periods, for minutes only or for hours or for days, reaches a level of reality totally removed from the delusions that pass for reality in the physical world. Of this I am convinced. In the case of the young Indian who went so readily into a state of trance I had the feeling that, without any intention on the part of the *guru*, auto-suggestion, or something akin to it, entered into it, and it had, for me, the appearance of a too facile demonstration. More convincing for me was the testimony of people who had practised meditation but found it difficult to describe the experience, which is to be expected, since it is super-normal and a process of enlightenment. Professor Thomas describes the process<sup>1</sup> as the concentration of the mind on a particular object, 'through which it becomes more and more intently fixed, and passes through certain psychical phases as the sphere of consciousness becomes narrowed and intensified, and at the same time shut off from outside influences'. Professor Thomas uses the word 'trance' as a makeshift, finding 'mystic meditation' too vague, and 'ecstasy', borrowed from Western mysticism, out of place. The object of

<sup>1</sup> In his *Life of Buddha*. (Routledge & Kegan Paul, London 1927.)



meditation is the acquisition of knowledge of the supreme truths. In the Buddha's words, 'the attainment, comprehending, and realizing even in this life emancipation of heart and emancipation of insight'.

The subject is profound and not to be dealt with here, beyond indicating its nature. For those interested there is an excellent book on the subject, *Sattipatthāna, the Heart of Buddhist Meditation*, by Nyanana-Ponika Thera, published in Ceylon,<sup>1</sup> also a little book entitled *Saṅgīti*, published by the Burma Buddhist World Mission,<sup>2</sup> to commemorate the Sixth Great Buddhist Conference, contains valuable material in this connection and is a useful handbook on Buddhism generally. And there are, of course, the discourses of the Buddha himself, done into English from the Pali by Henry Clarke Warren and published by the Harvard University Press.

## 9

The shrine-room at Themis Court is very beautiful. There is a large golden Buddha image with a head-dress inset with precious stones, and in the glass case which protects it are also smaller images, delicately fashioned. Early every morning the gong resounds from this shrine-room, denoting the performance of devotions, and so much jasmine is gathered from the garden and placed before the shrine that the whole house seems to fill with that incredibly sweet perfume. Glasses of water are placed there, daily, renewed each morning, and offerings of rice.

Two young servant girls, one Indian, one Burmese, brought in flowers for the hair for the ladies of the house as well as jasmine for the shrine. For the guest these flowers were usually placed on the breakfast tray—a posy of jasmine, a rose, an orchid, or a strange flower called the Bodhi flower—so called because it contains within itself a hooded serpent such as made a canopy above the Buddha when he sat under the tree where he received Enlightenment. This strange fleshy flower has a

<sup>1</sup> The Word of the Buddha Publishing Committee, 139, High Level Road, Nugegoda, Colombo.

<sup>2</sup> 7, East Block, Sule Pagoda, Rangoon.

thick fringe of stamens and an almost overpoweringly sweet scent, but it perishes too quickly, once plucked, to be worn. The Indian girl seemed to favour this flower for presentation to the guest; she would bring it with a very winning smile, handing it with her two hands in the correct Burmese fashion, which decrees that a gift should never be proffered or received with one hand only.

Another strange flower appeared several times on the table at luncheon, laid on the salad dish beside leaves of lettuce, lime leaves, spring onions, slithers of green mango. It was white, with a speckled centre, very delicate and exquisite, the flowers emerging from a white eelery-like sheath. It was to be taken in the hand and eaten like any other item of salad. It was crisp, and honey-sweet. It seemed sacrilegious to eat anything so delicate and decorative. I inquired its name.

"It's an orchid," I was, astonishingly, told, with the added information, "We had soup made from it yesterday. You liked it."

Burmese soups are a little difficult for the Western palate. They are supped during the meal, not taken as a separate course, and the vegetables and leaves contained in them are only partly cooked. I pondered the soup I had liked—"Take a dozen orchids and simmer gently——"

Later I discovered that this charming flower, sold in the markets as a vegetable, is not as I had at first thought one of the terrestrial orchids, which grow from the ground, but belongs to the ginger family. The Burmese called it *Paducksa*, pronounced 'padessa'. The botanical name is *Kaempferia Candida*. I was sorry to learn that it was not an orchid; it was a pleasant idea. . . .

But orchids there are at Themis Court, growing not on trees but in the outer shells of coconuts secured to tall posts. They are watered every morning, along with all the plants and shrubs in pots by the terrace of the house, small mauve orchids which grow in slender sprays, several to a stalk, and small greenish-white orchids with speckled centres, which the Burmese call spider-orchids.

In the deep south I saw all manner of orchids growing from trees as casually as ferns, which was both as delightful and as preposterous as eating the orchidaceous *paducksa*.

*MOULMEIN AND THE MONS*

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MOULMEIN rises in three tiers above the river—there is the waterfront, the main street, and above the noise and squalor of these two a tier of floridly handsome municipal buildings and the residences of officials and professional people—large villas with bougainvillea-covered trellises and pillared porches. Scott O'Connor considered it 'the most beautiful town in Burma', but that was a long time ago. There are the remains of past grandeur along the waterfront in the shape of big shabby old houses with ornate balconies and carved wooden eaves, set among tall palms and spreading banyans.

Dirty narrow side streets lead up into the main street, wide and pavementless, where wandering cows and pariah dogs nose among the refuse piled at each side of the road. This street is clamorous with the bells of tri-shaws—bicycle rickshaws—and with the clatter of the jeeps which appear to be the only alternative transport. There is a faded mosque with twin towers and peeling plaster. Indian tailors squat before sewing-machines on the floors of open-fronted shops. There are numerous open-air eating-booths—at one such I observed a young man eating with half a duck carcase dangling within a few inches of his nose; the thing hung by its neck, its body having been slit down the middle, leaving the head intact on the remaining half.

Between the second and third parallel there is a labyrinth of bamboo houses packed far too close for safety—and indeed a few weeks after I was there a fire broke out destroying three thousand houses and making some twenty thousand people homeless. The fire was believed to have started in a pea roasting shop.<sup>1</sup>

<sup>1</sup> *New Times of Burma*, February 19, 1954.



tree by the house, and in its narrow shade hump-backed bullocks stood, harnessed to their carts, the drivers asleep in the carts, and pariah dogs asleep beneath. In the house servants lay about on the polished floors, dark heads pillowed on golden-brown arms, bare feet upturned like the feet of the dead. The whole house would be given over to siesta. The marble paving of the balcony was so burning to the bare feet as to be intolerable, and the hand could not rest more than a split second on the balustrade.

Yet in the heat of the afternoon a blind boy sat singing in the sun outside the 'Truth Shrine' at Kyaikmaraw, near Moulmein. He was not begging. He sang because he had nothing else to do, and he liked to sing. It was his way of passing the time. Under the roof covering the path that led up to the shrine women and old men sat on benches passing the time in contented idleness. Children rushed about, bare brown feet hardened to the hot brown earth. Gaunt pariah dogs, many of them almost hairless, prowled in search of odd grains of rice. In the shade of crowding palm trees and banyans the bamboo houses of this township on the Aataran River assumed the somnolence of the tropic noon. The barbet, the copper-plumed bird, knocked interminably, and somewhere out of sight a you're-ill bird insisted shrilly. In the Truth Shrine a huge central Buddha is flanked by rows of Buddhas. People used to go there to settle their differences—"but nowadays they settle them in the law-courts".

The bamboo houses stand on piles and are thatched with leaves; two layers will last a year. When the rains first come the thatching leaks, but when it is sufficiently soaked it becomes rain-proof.

There are rubber plantations in this district, thin woods of slender trees; and there are betel-nut palms, and coconut palms, and toddy palms, from which the country drink is made. Taken in the morning this drink is innocent as coconut 'milk,' but taken in the afternoon, after the sun has been on it and it has fermented, it is powerfully alcoholic. It does not keep; the longer it is kept the more vinegary it becomes. A delicious black treacle called *jaggery* is also a palm product. And there are cachou-nut trees, and bananas hanging in fat green and yellow bunches, and over the tangle of jungle at each side of the

road, stretching away in all directions, a maize creeper spreads a soft carpet like bloom.

Strictly the people in this Tenasserim Division, which stretches from Taungtha, bordering on the Southern Shan States, down to Victoria Point, bordering on Thailand, are not Burmese, but Mon—or Taluings, as the Burmese call them. The Indian or races of Burma derive from Mongoloid stock, the chief groups of which are Tibeto-Burman, Mon-Khmer, and the Thai Chinese. The Taluings of the Irrawaddy delta and the Tenasserim Division may be described as the Burma branch of the Mon-Khmer. Fielding Hall is very emphatic about it that what is called Lower Burma is not really Burma at all.

'The home of the Burman is in the dry zone that lies about the old capitals of Pagan, Sagaing, Shwebo, Ava, Amarapura, and Mandalay,' he writes; 'It was the people of these districts who founded the various kingdoms of Burma, and who alone are really called Burmese. The people of the delta and Tenasserim districts were Karen, and Peguans or Taluings.

They are now very closely allied to the Burmese, but they are distinct. They differ in their dialect, in their appearance, and in their capacity.' They were conquered by the Burmese kings, first 'when we invaded the delta in 1825 the natives rose in revolt against their Burmese conquerors and assisted us. After 1825,' he continues, 'when we returned these provinces to the King of Burma, the immigration of Burmese from Burma proper to the delta increased. The dry districts of Upper Burma were practically full, and the surplus population drifted down to Lower Burma to the vast swamps which their energy made into rice fields. The administration also became Burmanized, so that when war broke out again in 1852 we found Lower Burma more Burmese than before. . . . After our annexation of the delta the tide again turned; the Burmese cultivators, who, following their armies, had come to Lower Burma to settle, returned. They did not like our rule, and they went back to Upper Burma in large numbers.' They returned, however, because Upper Burma was not fertile enough to support so big a population, and the flow back to the south was intensified after the British annexation of Upper Burma—in the final war

<sup>1</sup> *In A People at Sea* (Macmillan), 1906.

of annexation—in 1835. Writing in 1936 Fielding Hall observed that 'Lower Burma is now become entirely Burmese. The Talzing has disappeared, absorbed in the stronger race. Even the Karens in the West are now calling themselves Burmese.'

These people, the Mons, or Talaings, were always Buddhists. The Shwe Dagon Pagoda was originally founded by them when Pegu was the Mon kingdom. They lost the pagoda and all else to King Alaungpaya in 1755, when he named the village at the base of the pagoda hill *Yat Yat*, meaning 'the end of the war'. It is often claimed that it is to the Mons that the Burmese owe their pure—Theravada—Buddhism, and, basically, their culture. King Anawratha, King of Pagan, occupied Thaton, in the South, in A.D. 1057, and the Mons are said to have influenced the religion and culture of their conquerors. U Kyin, Burmese Ambassador to India, in a talk given at New Delhi in 1932, supports this popular theory, adding in connection with it that 'in making the art and culture brought from Thaton his own the Burman in his turn transformed and adapted them, conferring on them his own distinctive imprint. Thus, from the middle of the eleventh century a single unmistakable line of descent is traceable throughout, which makes it proper to speak of Burmese art, Burmese history, and Burmese culture.' Professor Gordon Luce, however, in a scholarly article on Pagan in the July 1934 issue of the *Guardian*, disputes this as 'far from accurate' on the grounds that many of the pagodas attributed to Aniruddha (Anawratha) have 'rarely . . . more than modern "Copies" or legend to justify the attribution', and because the name *Maithingyi*, the Burmese title for the Indian elephant-headed god, Ganesa, 'occurs more than once in pagodas attributed to Aniruddha'.

The Mon villages of the Tenasserim Division today have their troubles—insurgent troubles. So that when we set out in a government launch to go by river to Kawharat and Kadoc the township officer considered it advisable to take an armed escort. It is generally accepted that many 'insurgents' are now often little if anything more than common dacoits. They have a habit of swooping down on a village and levying a 'tax' per head on the villagers, and demanding food of them, and then disappearing into the surrounding jungle. By the time the







Riverine village, Lower Burma

police or military reach the scene they have vanished. Sometimes they take over a village and run it; then when the police turn up there is a battle, with loss of life on both sides, and as likely as not the village gets burnt out. This is what happened to Kawhrat, where the bamboo houses have vanished completely, and only the foundations remain of the stone-built ones.

At Kawhrat the religious buildings, a little distance from the village, remain. The shrine is splendid with glass mosaic pillars and teak carvings, and there are two huge Buddha figures each carved out of a single trunk of teak, but the beautiful wood is gold-leafed over and studded with precious stones. There are gaunt skeleton figures, almost life-size, often placed in pagodas to remind all people to what pass of sickness, old age and ultimately death they all must come. But the people pass in and out in their bright clothes, talking and laughing, both men and women smoking their cheroots, laying their flowers, kindling candles and joss-sticks, kneeling for a few minutes and repeating the formula concerning suffering, impermanence and change, but the sun shines, the jasmine gives out its sweetness, the flame trees are scarlet against the brilliant blue of the sky, and white doves perch on their leafless branches, and all is vivid and scented and life luxuriant—the powerful jungle life of the East. And when the hot wind moves over the glimmering gold of the pagoda *hti* all the little bells utter their thin sweet music.

There are red jasmines and white jasmines along the path to the novices' house, where the young *pongyis* serve their novitiate. There is the sound of their chanting, and the distant knocking of the coppersmith bird. Impermanence, suffering, change. But the sad truths of existence mean no more in the hot bright sunshine than the shrill insistence of the you're-ill bird.

The paving stones are hot to the bare feet and it is a relief to leave the sacred precincts and walk in the shade of banyan and neem trees. Women draw water from a circular well with a stone parapet and a gabled roof. An old man holds out a begging hand and one of the party acquires merit by putting a few coins into it. There is a sing-song of children intoning their lessons in a modernly built bamboo State school.

We follow a sunbaked path through the harvested paddy

fields and come into a shady road of deep dust. We are on our way back to Kadoe village, huddled among its palms and plantains, and looking from the river like all the most romantic imaginings of a South Sea island. We landed there an hour or more ago with our guns, our servants, our hampers of food, and we cannot leave for hours yet, for the tide has dropped and the launch is now sitting in the mud waiting for the evening tide to refloat her.

In the main street of the village there are open-fronted shops where you may buy cloth, slippers, fruit, vegetables, sweets and biscuits made in England, rice, spices, dried fish, tortoiseshell combs. The prevailing colours on the fruit and vegetable stalls are red, purple, and the vivid green of gourds. Beyond the shops are a few small bamboo houses, some leaf-thatched, some tiled, and all on piles. At one side of the road, some four feet below the level of the road, there is a narrow stream. Where the stream passes the houses bridges of poles are laid across from the road to the small compounds. Beside the stream and all about the houses there are banana trees and coconut palms and mango trees and various flowering trees—one has white blossoms and ferny leaves and seed pods about a foot long. The bamboo houses seem one with the lush vegetation among which they are set, part of the strong green tide of the jungle which has flowed down to the edge of the road. At the top of the wooden steps of each house there is a verandah which runs right round the house, the rooms raised a few inches above the floor of the verandah. Shoes are left on the verandah or on the steps up to it. On some of the verandahs there are wicker chairs; on others people sit on mats.

The house we enter is of the same style as the rest but a little larger; it belongs to a trader. We step off the verandah into a largeish room, lofty as a barn, and raftered. At the far end there is an iron barred window with a shrine to the left of it, and a table with a pile of tattered books and magazines at the other side. On the shrine there are gaudy green and blue vases containing bunches of teak leaves; the effect at a distance is rather that of small aspidistras. An Aladdin lamp is suspended from a beam on a long wire.

At night, when the shutters are closed over the windows, and the doors on to the verandahs are barred and bolted against

dacoits, the heat in these bamboo houses is intense. This room is ventilated by a fretted wooden-screen above the window at the shrine end. Later I was to spend nights in hermetically sealed rooms with no such ventilation. The Burmese are very security-conscious, and with reason.

In this house there was a table, with a few chairs placed round it, and on the verandah some wicker chairs and tables, but in most Burmese village houses there are no chairs or tables; people sit on the floor on bamboo mats which are kept rolled up in a corner when not in use. At mealtimes large plantain leaves are spread on the mats—a form of ‘tablecloth’ both beautiful and hygienic, and as labour-saving as the pleasantly bare houses themselves. There is always a shrine in one corner of the room, and usually a cupboard, and more often than not wire lines across the room on which to hang things. A low broad wooden platform which will accommodate three or four provides a bed—for the children, perhaps—in one corner of the room, and for the parents there is a partitioned-off cubicle; as this is not roofed one centre light serves for all. The kitchen is separate, at the rear, and unless the house is built on piles opens into the compound. The earth closet is a little hut across the compound, and is usually set about with plantains. The kitchen in this trader’s house was a few steps down from the main room. The cooking is done in the hot ashes or over burning faggots in a raised stone fireplace rather like a table. An astonishing number of excellent dishes were cooked on this primitive hearth, and without any taste of smoke on them—a variety of curries, fish, meat, vegetable, chicken, and the thin soup which always accompanies the two main Burmese meals.

Burmese food is so interesting and pleasant—and quite different from Indian food or Chinese food—that perhaps here is the place (whilst the meal is being got ready on the primitive fireplace and we all sit round in cane chairs on the verandah or on bamboo mats on the floor inside the house, fanning ourselves with flat oblong Burmese fans) to say something more about it. A little is taken from each dish and placed on the plate on a mound of rice—and Burmese rice is surely the finest in the world, with long fine grains, each one separate when cooked, and bearing no relation to the gluey mess which is the general

English conception of boiled rice. Eastern people find the idea of cooking rice with milk as a 'pudding' very odd indeed—odd past all imagining; rather as we should the idea of bread mashed up and eaten as a pulp . . . though there is, to be sure, the disgusting mess known as bread-and-milk. There may or may not be meat and chicken among the dishes, but there is sure to be several kinds of fish, and one of them will be prawns or crayfish, cooked in their thin shells. There is always, also, a plate of salad—consisting of pieces of raw cauliflower, pieces of tomato, tiny green mangoes, perhaps some lettuce, and certainly some leaves from various trees—lime, citron, coriander—and mango flowers, and the white 'orchid' flowers mentioned earlier. Various leaves and flowers go into the soup, too, but they are only very lightly cooked in the stock—which is usually a fish stock, but may be meat—so that they are just not raw. There is always a vegetable dish—again the cooking is only very light, or perhaps the vegetables have been soaked in vinegar and dressed in some delicious way with fried garlic and *ngapi*, the traditional condiment made of dried and pounded prawns, which smells very evilly, and is very salt, but also very tasty. There is always chilli sauce, and sometimes green and red chillies raw. The vegetables may be cauliflower, cabbage, brinjals, or all of them together. The curries are not curries in the Indian sense—that is to say they do not contain the hot spices used in India—there is always the chilli sauce and the raw chillies for those who like their food hot—though pounded chilli and ginger are used, and garlic for flavouring, and it is hot by Western standards. Sweets as part of the meal do not occur much, though there is sometimes a coconut dish with *jaggery* sauce to be met with, or a *crème caramel*, or a dish popular in India made from milk, little round balls which look as though made of semolina, soaked in some sweet syrup, and each ball a delicious *bonne bouche*. It is more usual, though, to conclude the meal with fruit—oranges, apples, bananas, grapes, then *fan* is passed round—betel-nut wrapped in leaves smeared with a paste of lime—and pickled green tea or preserved ginger, and shallow bowls of green tea, to follow coffee or served alone. The number of dishes varies, of course, but curry and rice there always is, and the soup, vegetables, salad, *ngapi*. For those who wish to drink with the meal there is water. In unorthodox

Buddhist houses whisky is served before dinner, but it does not reappear later. In the more Westernized households, in the towns, men and women sit down to meals together, but in poorer homes, and in the country, it is usual for the men to be served first, the wife waiting on her husband, and then the women and children eat. This seems odd in a country where the freedom and independence of the women is stressed, but it is an arrangement which apparently the women themselves prefer, generally speaking. It is hardly likely that the custom would prevail did the women not prefer it, for there is no attempt on the part of the men to dominate the women, either in the home or out of it.

In the trader's house in the village of Kadoe the women all ate together, sitting on the floor and eating with their fingers in the traditional Eastern fashion, after the men were served. I was seated with the men at a table, as at the Chinese New Year's Eve party in Rangoon, and supplied with a spoon and fork, despite my protests that it was unnecessary, since from my Indian travels I was well used to eating with the fingers. The East seems to find it difficult to believe that the West can adapt itself to their customs, though they continually adopt ours—too often the ones least worth adopting. After the meal bowls were brought to the table and we washed our hands, then sat round to drink green tea, smoke cheroots, chew *pan*, wait for the heat of the day to pass—and the tide to rise. Spittoons like enamel chamber-pots stood about for the convenience of the *pan* chewers, who always seem to do as much blood-red spitting as chewing. A mattress had been made up on the floor in front of the shrine, but no one retired to it despite the somnolence of the afternoon. Conversation ebbed into silence. It was the hour of relaxation and siesta.

As much from curiosity as from need I inquired for the latrine and was conducted through the kitchen to a cupboard opening out of it. There was a slatted wooden floor, an enamel pot in a corner, with a lid, and brass water vessels round the walls. The ground some twenty feet below had become a kind of soak-away. I was invited to wash on a verandah adjoining the latrine. Some wooden stairs led up to the verandah—the 'sweeper's' entrance, the sweeper being as in India the servant who attends to the emptying of chamber-pots and commodes

and the cleaning of latrines. In Burma the sweepers are invariably Indians. In India they are the casteless Indians—the 'untouchables'. Some consternation was caused when I made to wash my feet in the bowl I had used for my hands. Another bowl was brought for this purpose, and another towel. Then a silver bowl was brought for me to wash my hands again—that a silver bowl was brought was a special gesture for the honoured guest. The water was poured away through the slats of the verandah floor.

On the way back through the kitchen I observed a woman ironing with a big heavy iron such as is used in country places in Ireland, but instead of a red-hot stone inside the iron burning charcoal was used. I later saw a similar charcoal iron in Mandalay. A huge stone jar full of *ngapi* stood against the wall, and another Ali Baba jar of salt. The kitchen was very clean with a number of well-polished brass and bronze pots and pans hanging up. The women were interested in my interest in their cooking arrangements; and through an interpreter I explained to them how we cooked and ironed in the far West of Ireland, in small houses of stone no bigger than the bamboo houses of Burmese villages, that we had no electricity and used oil lamps as they did. They wanted to know if much rice was grown in Ireland. . . .

Back on the verandah at the front of the house it was pleasant to watch the life of the village flowing up and down the main street, lightly stirring the red dust with slim slippered feet. There was a continual movement of people, but no traffic except an occasional bicycle. Human beings were the beasts of burden. Women passed with wooden trays of large red tomatoes balanced on their heads, or holding gaily painted sunshades or black umbrellas against the sun. The orange robes of a group of *pongis* were almost blinding in the glare of afternoon. A man passed with a pole across his shoulders and kerosene cans of water suspended from either end. In the dim interior of the small leaf-thatched house opposite a woman sat on the floor dandling a naked baby. A man came out on to the verandah and laid down a plantain leaf with some rice on it and the pariah dog slinking below the steps ascended them, uncertainly, its tail between its legs. It drew near the food, then shrank back as a child tottered out on to the verandah. But

the child had no designs on the dog; it merely regarded it for a few moments before swaying back into the house. The dog wolfed the rice, then looked hopefully at the woman seated just inside the room—the forlorn hope that is really without hope—then slunk back down the steps and disappeared into the tangle of plantain and palms surrounding the house.

Chickens pecked in the deep dust of the road. Children ran in and out. The armed guard sat in the shade kicking their heels and looking bored. In the drowsy peace of this village it is difficult to imagine fighting, yet Kadoe was involved in 'the troubles' that destroyed Kawhrat a mile or so beyond. There was the heavy scent of frangipani from the tree reaching above the end of the verandah. The two Indian servants of our party shook down the velvety white blossoms for the children, whose restlessness even the afternoon heat could not subdue.

The sensitive faces of the Indians suggested an intelligence which should, one felt, have fitted them for something better than their menial state. It was impossible not to speculate about them.

Then at last a hot light breeze stirred along the river with the turn of the tide and it was time to return to the launch. The people watched us with a mild interest as we went back down the landing-stage—the party of strangers from the town, with the armed escort. They regarded us with the same mild interest they had evinced in our arrival, with neither hostility nor welcome. The morning tide had brought us to them, impinging for a few hours on their lives; the evening tide would take us away. They would continue to squat beside their water-melons, their baskets of pappas, tomatoes, cabbages, dried fish, their cooking pans on charcoal fires. We came from the city and our lives were remote from theirs lived out in the bamboo houses among the sheltering plantains. But a few assembled at the landing-stage to watch the launch put out into mid-river, and children laughed and splashed in the water, showing-off before strangers as children do the world over. They formed a brilliant patch of colour massed on the slope down to the landing-stage and on the banks at each side of it; the sun made the bright reds and blues of the women's *longyis* curiously luminous. They stood motionless, but laughing and talking among themselves. When we were well out into the





Lumber elephants, Bhamo, Upper Burma



thousand Chinese Nationalist troops moved into the north-east corner, the Kentung State. They were supplied by 'planes from Formosa, and claimed to have American backing. America denied it, but I found it widely believed in Burma. There were, it may be remembered, continual requests by the Burmese government for the evacuation of these troops. When they began assisting the Karens—who were demanding a separate state—and raiding and burning villages, it became necessary to resort to military measures. This war was still being waged when I was there early in 1954, though it was over by the time I left, in April,<sup>1</sup> and soon after that saw the pacification of the Karens. Leigh Elsum's conviction that, in U Nu's words, 'the people will win through', was vindicated, and as it turned out he saw the mines again earlier than perhaps even his optimism had expected, for early in May the Karen insurgents ninety miles outside Mergui surrendered and he and his colleagues were able to take over again. Even before then, in April, the rich wolfram mines in Nam Yen, south-east of Mergui, were liberated by government action and work in them resumed. In the central area, between Mergui and Tavoy, mines and rubber estates were cleared of insurgents without fighting or loss of life—the rebels were not merely induced to surrender but to co-operate with the Burmese troops in pacifying the district.

But in February of 1954 it was a very different picture, with the fighting—against the K.M.T's, the Karens, the Communists—still sporadically going on, and the patient optimism of Leigh Elsum was something to marvel at. It was, moreover, in striking contrast with the attitude of others who cynically refused to believe that the government would make any move to recover the mines and plantations until it was ready to nationalize them.

We skirted the town and climbed a little through pastoral country, high enough to see the brilliant blue water of the Andaman Sea and the heat-misted outlines of the islands of the Mergui archipelago. From above, Mergui seems to lie half smothered in a lush tropical vegetation of palms and plantains, like a South Sea island. It is one of those places to which distance lends enchantment.

<sup>1</sup> On June 7th it was officially announced at Taipei that the evacuation of Nationalist Chinese guerrillas from Burmese territory had been completed.

We came to a tall wooden house rather like a mill-house, surrounded by cashew trees and papaya trees, and great leafless flame trees with their scarlet clusters of flowers, each separate flower of which is like a lily. There were red lilies in the garden, too, coming up everywhere on shady banks, single blooms on tall leafless stalks. On the verandah of the house there were children and dogs and a slender Burmese young woman with a very sweet face. She carried a tiny doll-like baby with a shaven head.

"My wife," Mr. Bloom said, "Ma Pyo. But the baby isn't ours. She belongs to a Ghurka family living down there —" he indicated a bunch of hut among palms and plantains at the bottom of the slope. "She's fourteen months old," he added, "and an uncle. The children being let up here sometimes."

The baby's mother emerged later from the dark little hut and called up the slope for its return. She was heavily pregnant. I asked how they lived and was told that the man earned a hundred rupees a month as night-watchman — about eight pounds — and sold the milk from his cows. There is a big Indian population in Mergui; some of them are traders, but mostly they do the menial work of the town. On the way up to the house we had passed a Pathan village lying back from and below the road. The wooden huts clustered among their tropical vegetation seemed curiously self-contained and remote, and as the mid-peace came dropping down from the broad leaves of the plantains that sheltered them. The Pathans are from the North West Frontier. They are a handsome people, the men tall and big built. These Mergui Pathans have married Burmese women and formed themselves into this village colony. They keep goats and cows and sell the milk. Some of the men have employment as night-watchmen. They live peaceably and reasonably prosperously in their snug, sheltered village.

It is altogether a peaceful corner of Mergui there, just outside the town and raised a little above it. There is an avenue of palms below the house, and the land rises in a gentle slope to a small pagoda, and flows gently down on the other side to the thicket of palms and plantains surrounding the Ghurka dwelling. Between tall plantains there stands, on a cement platform, a large stone-parapeted well, with a windlass above it.

At the top of the three-storey house it is like being in a tower.

The windows look out on to five hill-top pagodas which from sundown are jewelled with lights. At night there is only the thin shiver of pagoda bells and the small unceasing clamour of cicadas. And the sudden chatter of a lizard on the wall of a room.

As soon as it is light there is a beating of gongs and clappers from the nearby monastery, and later the shrill voices of the *pong'is*' pupils reciting their lessons.

But to descend into the town is to end enchantment. As with Moulmein, the setting of the town is beautiful but the town itself is squalid, the squalor beginning at the waterfront as in Moulmein, and receding as the town climbs in tiers to the foot of the pagoda-dotted hills. There is the usual street-refuse, the horrible pariah dogs, the open-air eating-booths, but here the tri-shaws are replaced by rickshaws drawn by Indians. Old Indian women in dirty white saris, the end loosely thrown over a shoulder and sagging breasts discernible as they walk, carry laden baskets on their heads. The great Indian sadness is here debased to abjectness.

Mergui is a fishing-town, and along the beaches of the Strand fish are laid out to dry. The stench from this drying fish is so strong that the wind carries it up even into the hills, to the nostrils of those who live in the residential areas. But for this incredible stench, powerful enough to keep even the pariah dogs away from the fish, the Strand would be a very pleasant promenade, with its dark old wooden houses huddled behind huge banyan trees, some with orchids growing on their trunks, and numerous tall palms.

Behind the Strand is a street of Buddha shrines, and behind that again the residential quarter, at the foot of the hills. At the end of the Strand a conglomeration of wretched huts approached across a wasteland denotes the quarters of the despised fishermen.

Mergui is famous for its pearls, and its edible birds' nests. We called on an old Moslem pearl merchant, Mr. A. S. Mahomed, living in a big airy house which was a kind of maritime museum, its walls lined with glass cases containing shells of every variety and size, from enormous conches down to the most minute shells imaginable. In the collection there is a huge oyster shell with a blister which was thought when it was brought up from the sea to contain an outsize pearl. Mr.

Mahomed's father was offered four hundred pounds for it, but refused to sell. But when the blister was opened it was found to be hollow. . . .

But to balance this sad story we were shown another shell on which a large blister had been removed; this one had contained a pearl which was sold for twenty thousand rupees—about fifteen hundred pounds.

Suspended from an upper window of this house was what at first glance appeared to be a large brown mat round which a number of bees were flying. Closer inspection revealed it as a cluster of bees. Mr. Mahomed said, smiling, that he was not disturbed by the presence of the swarm.

"We believe they bring us good fortune," he said, "so we let them *be*. . . ."

## 2

I wanted to see the Club, where in the old days of empire the miners and planters gathered to drink chota-pegs at sundown, be as offensive as they chose about 'the natives', and scandalous about each other. George Orwell, in his novel, *Burmese Days*, published in 1935, presented a vivid picture of the sort of thing, drawn from the life. Yet, oddly, in spite of its manifest aversion to imperialism and colour-bar Burmans do not care for the book, because, they say, though the white people are shown up the Burmans do not come out well either. The book has documentary value, nevertheless.

The Club was completely empty when Leigh Elsum and Ma Pyo and I entered it—even the Indian 'butler' had to be summoned from somewhere out of the night. There was a desolation about the place, as though it had not been used for years, though it is, in fact, well used during the day, I gathered. Imagination had to work hard to fill the shabby wicker arm-chairs placed round low tables littered with copies of English magazines and newspapers and reconstruct the scene as set forth by Orwell, and subtly evoked by Somerset Maugham in his Malayan stories. Maugham, I was told in Rangoon, by an Englishman from Singapore, has never been forgiven in Malaya. It was a pity Orwell never lived to see Burma in

# LAND OF THE CRESTED LION

independence. But then it was altogether a pity that Orwell died when he did.

On the way back from the market next morning Ma Pyo and I called on some English planters in their pleasant houses. With one of them at eight o'clock in the morning I drank iced beer, but when you have been up since five-thirty or so beer at eight is not as early as it sounds. Certainly by then the day is beginning to be hot. The world has moved on—at least less cordially than myself. George Orwell's Burmese days, and the native peoples of Burma, India, Ceylon, Indonesia, meet the white foreigners who are no longer their rulers on terms of social equality. And that they do meet them, and even form friendships with them, speaks well for their capacity for forgiveness. But where the whites are concerned, below the surface cordiality and the acceptance of the new order, there is still in many—and in many Anglo-Burmans—a nostalgia for 'the good old days' of white supremacy, and the feeling that the country has 'come down' now that the Union Jack flies only over the embassies and consulates; for them the present rulers of the country are usurpers and upstarts. They themselves no longer 'belong'. One said of their present existence that it was 'the last chukka'. Yet most of them have been there so long that they would belong even less in England now, where neither the climate nor the lack of servants would suit them. In England, too, a new order prevails.

I am not here thinking of men like Leigh Elsum who have married women of the country and raised up children by them, and thus become themselves part of the country, and who are sympathetic to the new regime, but of the pukka sahibs who are sahibs no longer, and in whose pukka status no one is interested. They are anachronisms and they know it; it is sad for them, but their sun has set, and a new sun rises on a new world.

In the East to rise with the sun is not difficult. Indeed, it seems most natural; and those hours before nine o'clock are the best of the day. Only then is it cool. In the evenings though the

sun has gone the buildings and the earth give back the heat of the day. To go to a market at eight o'clock is already late. By six-thirty it is already teeming with life. The women sit on the ground behind their wares--fruits, vegetables, chillies, fish, rice, spices, sweets, spread out before them on bamboo mats or heaped in shallow baskets. Throughout Burma women are the chief small traders and the markets are almost entirely in their hands. The colours of the fruits and vegetables in the Mergui market are brilliant--the scarlet of chillies, the harsh greens of gourds, the bright red of the huge water melons cut open to show their sugar-sweet insides, the golden glow of chubby little bananas no longer than a thumb, the purple of brinjals. And there are flowers of all kinds, red lilies, mauve, white and pink asters, delicate pink, white and red cosmos--both popular for pagodas; leaves in which to wrap *pan*. There is fresh fish and dried fish. *Salote* (sea-gipsy) women sit opening oysters and cockles and throwing the shells on to the narrow dried-mud paths in front of them. The pariah dogs prowl and prowl around. There are planks across dry gutters between paths, and the dogs prowl there hopeful of edible refuse. Women sit behind their wares eating their breakfasts out of tin 'tiffin-carriers' like old-style milkcans. Others are busy frying thin pancakes of rice flour which can be bought and eaten on the spot or taken away wrapped in a piece of banana leaf.

Flowers are sold complete with their roots and are always bundled up into strips of banana leaf. If you buy a chicken you buy it alive; awaiting purchase they lie on the ground in bunches, their legs tied together. Many of the Burmese women shopping in the market have Indian women in attendance, walking behind them, baskets on their heads, to carry home the purchases. No Burmese woman of any standing would dream of carrying home her own shopping. In the kitchen she probably has a Moslem cook.

If Indian labour were to dry up--and it is much less than before the war--who would slaughter the cattle, the ducks, the chickens, which the Burmans like to eat? Who would empty the commodes? Who would do such street-scavenging as is done? Who would destroy the pariah dogs during the outbreaks of rabies? Perhaps the problem would be overcome by the



development of a new class of despised people, such as the fishermen are.

Many of the Indians in present-day Burma, of course, were born there, and they often take Burmese names and wear Burmese dress. Judging by the crowds at the exit-permit office in Rangoon there is a great desire on the part of these Burmese Indians to visit the mother country. If I seem over-exercised about the Indian workers in Burma it is because it seems so sad a thing that this ancient people, so desperately poor, in the mass, in its own country, must be the sweepers, the labourers, the menials, in a neighbouring country—the more so in that they are in no sense an inferior people. In Mergui I was told that the Indian labourers can earn up to ten *kyats* a day—about fifteen shillings—along the waterfront, but it is all casual labour. Some of them have bullock-carts and do haulage work. On the rubber estates they get three rupees a day—about five shillings—with free housing and cheap rice. This is considered good pay. Fortunately they have few requirements.

There have been from time to time anti-Indian riots in Burma. The decade between 1930 and 1940 saw several. They flare up out of very little, because of ancient grudges always smouldering just below the surface in the Burmese mind. The one in 1938 in which hundreds of people were killed,<sup>1</sup> mostly Indians, was because of the publication of a book by a Burman Moslem which the Buddhists considered insulted their religion. There were attacks on Indian shops, and an Indian-owned cotton mill was burned down. Dislike of the Indians is deep-rooted. In the past they were with the British and the Chinese the exploiters of the country, industrially and agriculturally. They were also the money-lenders, and they got a stranglehold on the peasantry. When the crops were bad the paddy farmers borrowed from the Indian usurers at enormously high rates of interest, mortgaging their lands to them and very often losing them to them. Justice Douglas records<sup>2</sup> that by 1941 sixty per cent of all the agricultural land in Burma was owned by landlords, their largest holdings being in the delta, where more than half

<sup>1</sup> The official figure was 240, but it is believed that the actual figure was well over a thousand Indian dead.

<sup>2</sup> In *North-West Malaya* (Gutterman), 1945.

the land was in the hands of absentee landlords; in some areas of the delta as much as eighty per cent of the land was so owned. Moreover, the Burmese farm tenants—who were formerly the owners of the land—were under new pressure from Indian immigrants, who with their lower standard of living were willing to pay higher rents for agricultural land than the Burmese. Rents rose, evictions for defaults increased, the number of migrating tenants grew. Burma became more and more a nation of landless labourers who had no roots. . . .

So that the anti-Indian prejudice is understandable, though it has no justification at the present day, for in the new Constitution 'the State is the ultimate owner of all lands'. Land has been confiscated and redistributed where it was thought necessary. Old holdings have been cut down to fifty acres, and new ones limited to twelve. And the Burmese rural population has been liberated from the stranglehold of the Indian money-lenders—most of whom have left the country. There are plenty of prosperous Indian traders in the country, however, and this business acumen is a reminder—just below the surface of consciousness—of the ancient wrongs.

The nearest island across the blue water from Mergui is Pataw-Patit, a thickly wooded hill which rises to about sixteen hundred feet and is crowned by a pagoda and monastery. We went out to it in a Government launch, but close in to the shore the water becomes so shallow that the rest of the journey had to be made in a 'dugout'—a long light narrow boat with a curved prow and propelled by a man standing in the stern with a single scull. We stepped ashore on a rocky shingly beach and were immediately confronted by a Hindu altar. Steps led up to it, but the altar itself was contrived out of a single huge boulder. Here the Mergui Hindus, lacking a temple, come to make *pūja* to the monkey god. There are a number of monkeys on the island and they congregate round the shrine, where the Hindus feed them with corn-cobs and bananas. A coconut is broken on the altar and the milk poured over it. There are wilting flowers and guttering candles; men in *dhotis* and women in *saris*, with flowers in their hair, and little children with enormous dark eyes and wearing only a charm attached to a

string round their necks or waists; men, women and children, with their sad beautiful Indian faces, the Hindus of Mergui. They come out in sampans from the mainland, bringing food, and spending the whole day on the 'monkey island'. Perhaps it was because we went ashore in the company of an Indian woman wearing a *sari* that they smiled and made gestures of friendliness and invited us to eat with them in the shelter at the top of the steps. They are to have a temple, it seems; the money has been raised; the foundations, even, laid.

When we left the island I felt a sadness into which several things entered; one of them was nostalgia.

## 4

Down by the scafront in Mergui there is a curious little Festival-of-Britain ornamental pergola pointed out to visitors as a memorial to Mary White, wife of Samuel White—one of England's seventeenth-century glorified pirates. And thereby hangs a considerable tale. In 1917 Mr. J. S. Furnival, then in the Mergui administration,<sup>1</sup> noticed a washerman pounding clothes on a slab upon which there was a partly defaced inscription in English. He made out from this inscription that the slab was the gravestone of Mary White, and he had it set up under an old banyan tree opposite the landing jetty. It was the discovery of this stone by his predecessor in office which inspired Maurice Collis to write *Siamese White*,<sup>2</sup> the biography of the astonishing Samuel. When White arrived in Mergui in 1677 it was a Siamese port, and White got himself promoted to the mandarinat and made Shahbandar, or port officer, which enabled him to develop bigger and better piracy. As Norman Lewis observes in his book<sup>3</sup> in this connection, 'The difference between common piracy and empire-building is a matter of scale and success. If White could have held on to Mergui and facilitated its annexation to the British crown he would have been an empire builder, but, as it was, his enterprise failed; although by robbing all who fell into his clutches he put

<sup>1</sup> Now adviser to the present government.

<sup>2</sup> Faber & Faber, 1936.

<sup>3</sup> *Golden Earth*.

by enough to enable himself to set up as a squire when he finally reached home.'

Neither banyan tree nor stone are now to be found by the landing jetty. The tree died and was in due course removed, and when Burma achieved independence the stone for some reason was also removed and the present bird-cage affair erected.

On the ridge which rises behind the town stands a large chalet-like house, wooden outside and in, looking out over the panorama of hills and islands, and the little town which from a distance seems almost submerged in trees; this is the Circuit House, reputedly haunted by the ghosts of English seamen massacred by the Siamese—the massacre from which White himself escaped. Mr. Collis records in his book, *Into Hidden Burma*, some supernatural experiences in connection with this in his own house on the ridge.<sup>1</sup>

## 5

In Mergui I attended my first Burmese wedding. In Burma, it should be understood, a wedding is neither a civil nor a religious affair. Two people setting up house together and declaring themselves, openly, to be married, are married; and if they separate they are divorced. If one of the two does not wish to be divorced the matter is taken to court—which for that purpose is more in the nature of a marriage advice bureau than a court of law. Only if any property is involved does law come into it, and in this matter of property Burmese women, unlike Indian women, are well protected and on terms of equality with men. The present government is encouraging the registration of marriages so that property disputes may be more easily settled in the event of the marriage being broken up. If the marriage is not registered a man may dispute that he was ever married to the woman claiming certain property rights from him, that his relationship with her was not a marriage. Such cases have been known.

But even without registration if the marriage is solemnized formally in the presence of some responsible elder—the head

<sup>1</sup> Burnt down during the Japanese invasion and a new house built on the site.

man of a village, or a schoolmaster, or a respected elderly uncle—with the friends and relatives of both parties assembled, there can be no disputing that it was contracted. But despite the general informality it is in human nature to wish to make some sort of celebration of so important an event as the uniting of two lives in a bond of love. And the Burmese are a naturally gay people, who welcome any excuse for a festive occasion.

Most marriages, therefore, in all classes, are a family-and-friends party occasion, as in the West, but much more comprehensive, for the guests seem to take in the entire neighbourhood and the festivity to last all day and night. And everyone must be fed; well-fed at that. Food is an important part of Burmese festivals.

You can always tell at which house a wedding is being celebrated by all the coloured paper streamers outside, and, usually, because of the music relayed by loud-speaker. Inside the house the male guests will be found feasting, on the ground floor if it is a two-storey house, and the women and children seated on the floor above. The men sit eating and the women, awaiting their turn, sit fluttering their fans and talking, whilst the bride is being arrayed and her hair dressed in the traditional manner—a process which apparently takes hours. The women all wear their best silk *longyi*s, with long-sleeved *cingyi*s, gauze scarves, a great deal of jewellery, and flowers in their hair—roses, jasmine, frangipani, and artificial flowers, sometimes both real and artificial mixed. Many of the older women dress their hair in the court style, coiled high on top of their heads. The children, both boys and girls, are rouged and lipsticked. Presently, after perhaps about an hour or more, the men begin to troop in. On this occasion they sat together behind a barricade formed by great silver urns full of the money the bridegroom had brought to the wedding—several hundred pounds, I was assured—and a heap of fruit like a harvest festival offering. In the middle of the room, in front of the urns and the mound of fruit, were placed two square cushions covered with golden silk and lace, and in front of the cushions two small pillows, similarly covered. A formal cone-shaped posy of mixed flowers was placed on each pillow. The bridegroom entered first and took his place on the right-hand cushion. He was immaculate in a snowy linen *cingyi*, golden silk *longyi*, and crisp white

organdic *gaungbaung*, the characteristic Burmese turban, a round cap which fits close to the head, with a stiff bow at the right-hand side. It is worn on all formal occasions. The groom was accompanied by young men attendants, similarly though rather less grandly attired. An elderly man had for some time been reciting from the scriptures, though no one paid much attention. At intervals he called the bridegroom, and when the young man had taken his place on the cushion he called the bride. Meanwhile the women took a good deal of interest in the European in their midst. My companion said presently, "They want to know how old you are." I replied, "Ask them how old they think." The answer came back, "They think you are over forty." That was fair enough. "Tell them over fifty," I said. In Burma there is great candour about age; fortunately it is respected, but unfortunately, from the Western point of view, over forty is old. In Mandalay a young man said to me, "We all think you are wonderful to be travelling about Burma like this all by yourself in your old age. . . ." I was in a party once with a quite presentable Burmese woman in, I suppose, her middle forties, and a young man glancing at her, appraisingly, turned to his companion and inquired, "Who is the old lady?" But to return to the wedding, for the bride is surely here by now. . . .

She came at last, after she had been called several times, and she was worth waiting for. She looked like something out of an Oriental fairy-tale. She wore a yellow silk *longyi* and long sleeved gauzy *cingyi*, with a gauzy scarf. She was heavily jewelled, with several strings of pearls, a gold necklace with diamonds, and a ring on each finger of each hand. Her hair was elaborately dressed, in the traditional bridal fashion, coiled high on top, with a tress hanging down her right cheek on to her shoulder. She had Chinese blood, and was slender, small and flower-like. Her groom was unusually tall for a Burman, and of finer features than most. He was extremely handsome. Bride and groom took up the posies from the silk pillows and held them between their two hands clasped as for prayer whilst the Master of Ceremonies continued to recite Buddhist blessings. Suddenly the recitation finished, and they were married. There was a scattering of rice, followed by a shower of small coins for which the children scrambled.

There was a general movement, into the next room and downstairs, though a number of the women remained seated on the floor, fanning themselves and chatting.

In the adjoining room the young couple sat on chairs at the foot of the bridal bed, surrounded by a group of male guests, who sat smoking and talking. People came and went, to greet the young couple and to admire the bed—a custom common in the East. This bridal bed was covered with yellow silk and lace, with bolsters and pillows to match. Even the mosquito net was golden, and the supporting pillars were decorated with tinsel and pink paper flowers. Garlands of coloured paper stretched across the room. The beautiful young couple sat at the foot of their bed silent and impassive, as though they would bear with it all, gravely and patiently, for as long as might be required of them.

In the next room gifts were stacked in a corner from floor to ceiling, and another lorry load arrived just as I left the house.

This was a well-to-do wedding. I attended a wedding of humble people—the bridegroom was a clerk—when I got back to Rangoon. At this wedding the men and women sat together on the floor, and each guest was presented with an enormous cheroot with a tassel of white flowers dangling from one end. Here, instead of relayed gramophone records of Westernized Burmese music, there was a band consisting of pipes and an accordion which played straight American music—which Burmese youth much prefers, unfortunately, to its own music.

Here all was much more informal. Whilst the reciting was going on—a schoolmaster officiated this time—two youths were busy fixing up an electric light bulb, one standing on a chair in the midst of the guests whilst the other trailed the flex across the room to some farther point, and women moved about among the guests with plates of food. The bride and groom sat on silk cushions in front of silver bowls, and there was the mound of fruit. When the reciting was concluded the young couple placed their right hands together in a bowl of water, there was a scattering of coins and rice, emblems of wealth and fertility, and they were married.

(VII)

THE FAR NORTH: BHAMO

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I HAD an introduction to the Chief Conservator of Forests in Burma, U Kyaw Khine, from my old friend of the Indian jungles, Shri M. D. Chaturvedi. I had hoped to be able to tour the Burmese forests and jungles in the way that my daughter and I had toured those of India. Before I left London, however, 'Chats' had written warning me that this would almost certainly prove impractical, as insurgents were making it difficult for forest officers to carry out their tours, and the forest rest-houses were closed. In Rangoon U Kyaw Khine confirmed this. But, it seemed, it might be possible for me to go to Bhamo—some two hundred miles north of Mandalay, forty miles west of the Chinese border, on the trade route to Yunnan. He would arrange for the Divisional Forest Officer there to look after me. If I had a fortnight to spare I could go all the way by boat. Or I could fly there in about three and a half hours. I said I would fly.

I left Themis Court at four-thirty in the morning to be on the airfield at five. It was not yet light, but at the refugee huts all along the road past the Shwe Dagon, still floodlit against the paling sky, people were cooking over roadside fires, *pongyis* were already starting out on their rounds, their orange robes wrapped tightly round them against the morning coolness, and at a café some men sat cross-legged on a low dais playing by candlelight what appeared to be some sort of dice game.

But at Mingaladon airfield various of the staff still slept on wooden benches, and intending passengers, including myself, were like so many somnambulists.

The one man left awake asked us each in turn what was our 'personal weight', and took our word for it, and before we had all answered it was daylight, in the sudden Eastern way.

I was the only woman on the 'plane. My fellow passengers



were of a curiously villainous appearance, but were mild enough in manner. Some looked Chinese—and probably were—with the traditional long down-drooping moustaches; some had long hair done in top-knots; one wore a grimy towel for a turban. The 'plane was like an oven. Through the dirty windows it was just possible to see hilly and thickly wooded country over which the grape-bloom coloured wild creeper spread a soft veil. We flew up valleys where at times the wings of the 'plane were on a level with the hill-tops.

We arrived at about nine-thirty, when the day was beginning to warm up. A number of people were gathered to meet the lone Englishwoman—the Deputy Commissioner, the Divisional Forestry Officer, the Inspector of Police, an Indian forest-officer, a group of women representing some Buddhist religious organization, and others about whom I was confused. Someone said, "You will have the Circuit House all to yourself."

"Fine," I said. Perhaps a little defiantly, remembering that all Circuit Houses were reputedly haunted. . . .

The Bhamo Circuit House is large and dark and as bleak as most of its kind. It stands in the middle of an arid compound, and being half-timbered has a curiously English suburban look. But the English look is purely external. The wooden rooms contain a bed, a table, a chair, and a wire line across the middle of the room. Opening out of each barnlike room there is a dark cement-floored bathroom containing a zinc bath full of water, jugs, a washbasin, and a commode. A sweeper's entrance connects with each bathroom. The drill is to bolt the sweeper's entrance when using the room and unbolt it on leaving, so that he may come up and perform his unpleasant service. The sweeper was an old turbanned Indian, who had an uncanny knack of coming up the stairs as soon as the door at the top was unbolted. A number of holes in the wooden walls had been stopped up with paper, I noticed. . . . The water one pours over oneself streams away across the floor into a guttering, down a pipe, and empties itself into an open drain in the yard below—to the delight of the children who play there. In this yard there is a cook-house and adjoining the cook-house a roofed-over space where men sit and drink tea at all hours.

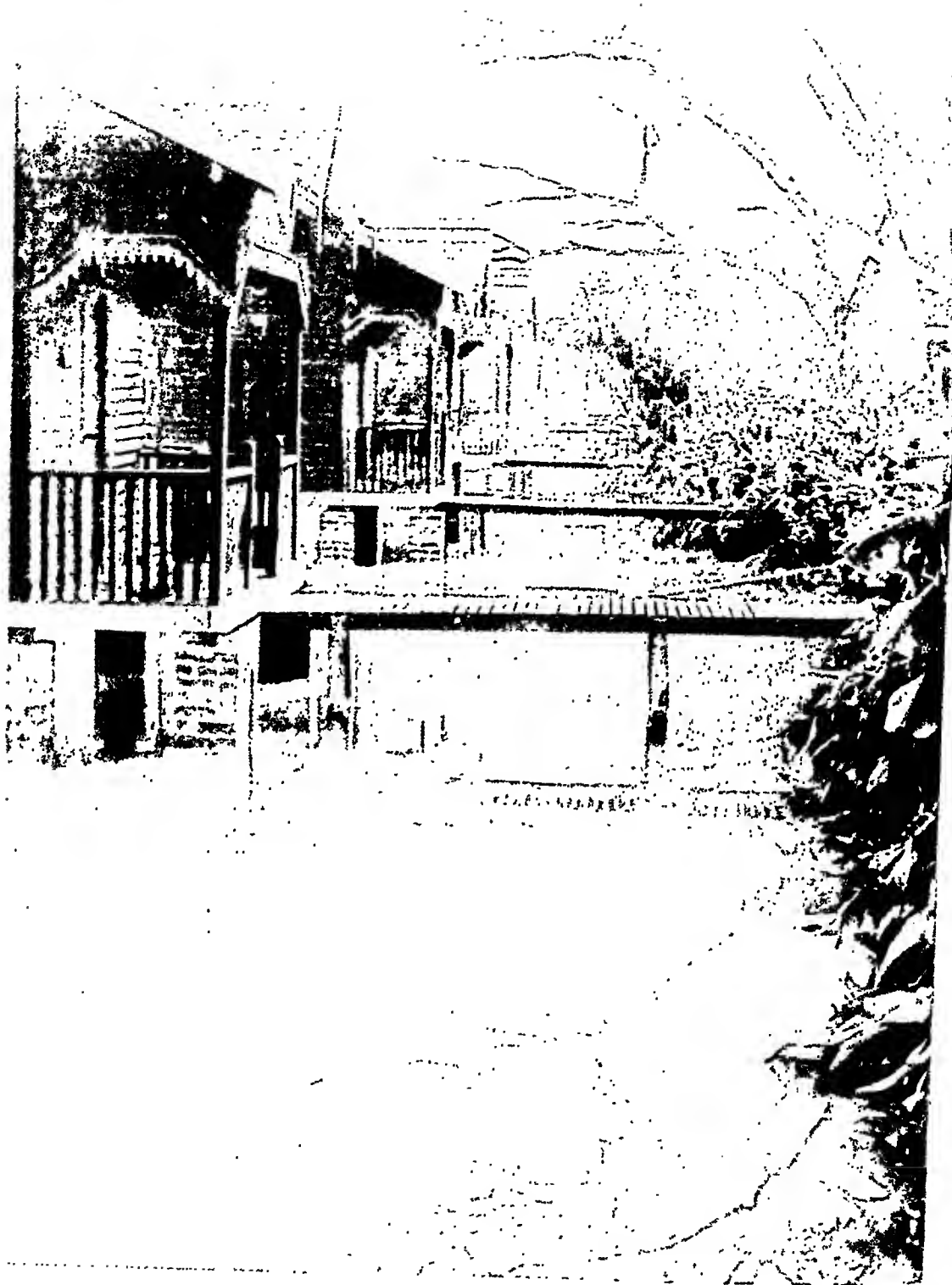
Downstairs there is a huge desolate dining-room like a



Market at village on Inle Lake, Shan States

Market at Bhamo, Upper Burma





drill-hall, presided over by a big fat dark-skinned 'butler'. He waddled about heavily in his check *longyi* and slippered feet, his manner and expression sombre, as though the combination of the heat and the arrival of the solitary visitor, English and female at that, depressed him. Young children peeped shyly round a door at the far end of the room, and I had glimpsed a youngish woman in the cook-house beyond. I wondered if they were his family, and if he was less morose and overpowering in their presence. He served me almost immediately on my arrival with a huge meal of eggs and bacon and sausages and tomatoes and fried mashed potato and tea, at the far end of the long table, all good and hot and greasy. All else apart, one would have had to have been extremely hungry to have had appetite for so much food massed on to one plate. I separated one of the eggs on to another plate and ate it with a piece of toast and hoped that the rejection of the rest would not be regarded as any reflection on the cooking, so gallantly English-style, and, indeed, of its kind admirable.

A few hours later there was another huge meal, beginning with a large plate of greasy soup, followed by a great mound of rice and slabs of fried meat, with some salad leaves in a glass of water. When he removed the greater part of it all untouched I wondered whether the look on the butler's face was reproach or contempt; perhaps it was merely bewilderment. I tried to explain that though the food was very good I could not eat such quantities in the heat of the day, but his English was very limited and we had no Esperanto of mutual liking to help us out.

I retired to my barn of a room with the guilty feeling of a small girl who has not made a very good start at a new school. I unpacked a little and hung a few garments and a towel on the wire line to make the bleak room look more lived-in.

Between the two meals the Deputy Commissioner had come in with various other people and we had all sat round in the bleak sitting-room to discuss a 'program'. What did I want to do? I countered with the inquiry as to what there was to do. Was I interested to see villages? Yes, I was, particularly if there were any Mass Education villages. I was very interested in Mass Education, I said. And, I insisted, I wanted to see the forests. That, said the D.C., was for the D.F.O. He would return in the afternoon with his wife and take me to the village



The road out to Myothit climbs for some time above the valley where the river winds with wooded hills on the far side—and China five miles as the crow flies beyond those hills. There are indications of the frontier along the road. The nearest we approached to China by road was seventeen miles. How beautiful the giant ferns of the living bamboo curtain between us and that forbidden, fabulous, and controversial land! And how impossible not to speculate. How artificial are the political frontiers—at the eighteenth mile the scenery, the vegetation, and the people, will be the same.

The beautiful mauve creeper is everywhere on the bushes and trees when the road drives through jungle. The flower of this creeper is three-petalled and soft as suede, the petals with light undersides. It is beautiful to the touch, but has no scent. A purple blossom like small orchids grows on leafless trees, and there is a dark reddish-purplish blossom which hangs in clusters like bunches of small orchids or black grapes; it is fascinatingly beautiful, the quintessence of tropical blossom, but it is not to be touched; its juice is acid and stings the hands. There are hedges of tall straight cactus, like thick green palings, sometimes at the sides of the paddy fields, sometimes partially fencing the compounds of the bamboo houses. People sit on mats on the wooden verandahs of the houses; occasionally in a shabby deck chair, or on a hard chair, but more often on a mat on the floor of the verandah, just inside the room opening on to it. The houses are on piles; at nights the cattle are brought in from the hills and shelter underneath; sometimes they are enclosed under the house by a bamboo fencing, but more often there is no such fencing. Occasionally the road runs through teak plantations; the big round leaves of the tall trees drop to the ground in the heat. We pass women wearing the big high-pointed Shan hats; some of them carry panniers across their shoulders, and often a child on their backs as well. Among my Bhamo notes I find, 'The Shan Burmans are very clean people and given to cultivating the gardens round their houses. But the Kachins are dirty and lazy and smoke opium and can't be bothered.' The Kachins—properly Jinghpaws—are hill people who have settled in the Bhamo district and the Northern Shan States. They wear bright red and black clothes, decked with coins, and have a gipsyish look. The generalization set down

in my notes was what I found commonly said of them, but upon investigation proved to be as unfair as most generalizations. They are not in the least lazy—if they were they would not be able to survive among their infertile hills; they have to work from dawn to dusk during the paddy season. A Catholic priest who has lived many years among them told me that as labourers they prove hard and willing workers and content with small wages. An organized effort is being made to improve their lot. A factory for the production of sugar from the locally grown cane has been started both at Bhamo and in Myitykina; these enterprises will enable the Kachins to earn a little more. Efforts are also being made to encourage coffee-growing, which is successful in the cooler climate of the hills.

As to their 'dirtiness', said the priest, their ideas of hygiene "are not more backward than those of Europe a hundred years ago". And these ideas are improving with the setting up of small hospitals and the training of health-officers to instruct and advise the people. Some of the Kachins engage in the opium trade along the Chinese border, "but they smoke very little compared with some of the other races". For one thing opium is expensive, and the Kachins are poor.

They practise 'shifting cultivation', which is generally denounced as wasteful, particularly by forest-officers, though agriculturally it is not in fact as wasteful as it may superficially appear. Each family selects an area of the jungle in the hills each year, and in March and April clears it by cutting down and burning off. At nights during that time the hills are dotted with the red glow of fires—as in Ireland, during the month of May, when the gorse is burnt off. During the day there is a haze of smoke drifting over the hills, and any village near a fire finds ash borne on the breeze. Very stringent regulations attach to this burning-off, as to how and when it is to be done, and heavy fines are imposed for any violation of the regulations. During the heavy rains of June and July the young rice plants are transplanted, and in October and November the harvest is reaped. The ash from the burning serves as fertilizer, but it is insufficient, so that a new site has to be found for next year's crop. But the burnt-off land reverts to jungle very quickly, so that there is no danger of soil-erosion, such as occurs in China where the pressure of a vast population makes more intensive

cultivation necessary, and the soil is exhausted and the hills after a time become barren.

So much for the maligned but hard-working Kachins. But it is apparently true to say of the men who work in the river tying the great teak logs to the bamboo rafts to be floated down the river to Mandalay that they take opium. The D.F.O. told me, "They say that they could not endure the work they do, standing all day in the water, with the sun beating down on their heads, without it." The chief users of opium are the Chinese, but the number of shops licenced for its sale is declining. The population of Bhamo is about 10,000, of whom between 2500 and 3000 are Chinese.

The village of Myothit is proud of its new large modern school—there was none previously—and its six-bed hospital. The people work in the paddy fields, very often for goods in kind, mostly baskets of rice. Sometimes the fields are communally owned by the tribes. Government-sponsored co-operatives buy the paddy at prices fixed by the State Agricultural Marketing Board (SAMB), which takes over the paddy and has it milled at the rate it has fixed, and then exports the rice. The Government—through SAMB—has the sole monopoly of the export of rice, which is its biggest source of revenue—it is freely admitted that for each ton of rice exported SAMB gets many times more than it pays the cultivator and miller combined. The millers, although they complain bitterly of the reduction of their profits under this arrangement, nevertheless come out best, for the grower must even pay to have the paddy he needs for his own use milled.

On the road back to Bhamo we ran into droves of buffalo, humped-back bullocks, and thin cows, being driven in from the hills for the night. In some places pigs and cattle still grazed the harvested paddy fields. I inquired about wild beasts. Tigers, no, but an occasional panther came down from the hills. I looked apprehensively at the rapidly sinking sun—no tigers this trip, but haunted circuit houses. And night, we know, must fall. . . .

There was a postponement of the ghostly rendezvous, however, in the shape of a note from the D.F.O. saying that he would call to take me to dinner at his house.



This he did, and it proved to be a very pleasant occasion; but I was back at the bleak barn of the Circuit House by nine-thirty. No lights showed anywhere in it. The butler heard the car arrive and emerged from the rear quarters carrying a large storm lamp with a mantle and a loudly hissing white flame. On a bare table in the entrance hall a single-burner oil lamp gave a feeble light almost quenched by the incandescent glare. The butler took this small lamp in one hand and in the other held the storm-lamp aloft, and I gathered up my long skirt and followed him up the dark staircase.

The butler set the lamp down on the table and weird shadows peopled the great bare room. He wore a towel round his shoulders, like a shawl. He regarded me sombrely.

"Breakfast. What time?"

"Seven o'clock," I said. I was to leave for the lumber camp at seven-thirty. Then, remembering the morning's enormous greasy meal, "*Chota-hazri*," I added. "Coffee, toast. No more."

He nodded. "Downstairs," he said.

"No. Here," I said, firmly.

Then, as he seemed to hesitate, "Good night," I said.

He turned and waddled out, not answering. I bolted the door after him. I bolted the door on to the verandah. Then I picked up the hissing lamp and opened the door of the bathroom and peeped in, telling myself that there would be cockroaches for certain. But the white glare revealed nothing. I bolted the door on to the sweeper's stairs. Then I came back into the big room and put the lamp on the table, sat down on the chair, and gazed fearfully round. I had the feeling of being locked in a great barn. Presently, no doubt, there would be the scurry of rats under the floor-boards, or along the high rafters under the vaulted wooden roof. I shivered. The nights were cold, surely, after the burning days.

I took off my black velvet stole and hung it on the line. The rhinestones glittered in the circle of light. It made the barn look a little more furnished, I thought, the way a glittering memory will furnish the lonely places of the mind. The last time I had worn the long skirt and the stole had been at the party given for me at the British Embassy on my second night in Rangoon. It had been held in the garden. There had been lights hung in the trees, and there had been champagne. It had

been His Excellency's birthday. There had been a cake and candles, and Mrs. Gore-Booth had organized the Europeans of the party to sing, when the cake was cut, 'Happy birthday to you.' If there are any more words no one seemed to know them, but those few we sang heartily enough. The Burmans stood and smiled. They could not be expected to know our quaint old English customs. Gay, they looked, the men in their best silk *pasoes*, their braided *cingyis*, their neat turbans with the jaunty bow at the side, their ladies like beautiful butterflies in their bright coloured silk *longyis*. The Burmese ladies covered up their arms for the occasion, and the European ladies bared them; but they too were graceful in their long dresses, and the white dinner jacket of the tropics makes the European male look less like a penguin than he does at home in evening dress. The Burmans drank their soft drinks and the Westerners drank their champagne and their whiskies and their cocktails, and the night was warm and full of the scent of flowers, and no ghosts walked.

How dark it was beyond the arc of white light! But it was only, after all, the unlit end of the garden. Here in the centre was light and laughter and the hum of voices and the swish of silks. There at the edge of the light is our guest of honour—that one, there, with the black velvet stole with the rhinestones—you can see them glitter in the shadows. . . .

The place was haunted, all right, but the ghosts were good company.

Presently I carried the lamp over to the bed and set it down on the floor. I got in under the mosquito net and tucked it in securely all round. Then I thrust a hand through between mosquito net and mattress and turned out the hissing lamp, tucking the net in again, carefully. The bed was hard even by Eastern standards. Now that the lamp was out the night was full of the tick-tick-ticking of cicadas. I lay a long time listening to the stillness and staring at the black darkness. I had an oppressive sense of the empty rooms all round and below. The ghosts had gone home, and not even a wall lizard furnished the aloneness.

But surely as night must fall day must come, and fortunately in the East it comes soon.

The D.F.O. arrived in a jeep punctually at seven-thirty.

"No armed guard?" I asked, smiling, as I got in beside him.

"I am always being urged to take one, but I prefer not to. I always feel it's safer without."

It is always so satisfactory to hear someone express one's own views. The D.F.O. also took no servant or peon with him on the back seat.

There were herds of cattle on the road being driven off to the paddy fields and the hills. They moved in a cloud of dust, and I was reminded of a herd of wild ponies I had seen in a Caucasian village once, galloping out to the steppes, dust rising round them like smoke.

We called in at a timber mill where the wood was being sawn by hand. On a roofed platform a man guided the planks and put in the wedges—skilled work, the D.F.O. said—and a man below held the handle of the saw. They are paid piece-work and earn about three rupees a day for this monotonous work. They are Shans. They stay for about a year, then return to their villages in the Shan States with their earnings. Local labour was useless, said the D.F.O., as the men and boys engaged were always wanting to run back to their villages for funerals and weddings. These Shans were too far from their homes for that. They stayed on the job. They lived in a three-sided bamboo hut furnished solely by a low broad sleeping platform. They cooked on a fire inside the hut, as they say that the smoke is good for the thatch.

We took the jeep as far as it would go into the jungle, then got out and walked. It was a very good feeling to be walking again—really walking, not just paddling round a pagoda, but following a narrow track deeper and deeper into dense forest. Then suddenly there was a clearing, a charcoal fire, a hut, and the great grey hulk of elephants. I had seen elephants in Burma previously only at a saw-mill by the river at Moulmein. There they had used tusked elephants; here they were also male, but tuskless. I asked what happened when they were in *musth*—a glandular discharge from near the ear, during which time the elephant's sexual instinct is at its height, although it mates at other times also. (The elephant is the only male animal to come into 'season'.) The D.F.O. replied that they were chained up with double chains and starved. A fit animal comes into *musth*

## THE FAR NORTH: BHAMO

annually in the hot weather and may stay in that condition for a fortnight.

Major Leroy Christian<sup>1</sup> quotes the *Report on Forest Administration in Burma* for 1936 to the effect that there were then 6234 domesticated elephants used in the forests, of which 327 were Government owned, and that 'because of their damage to crops, fields, fences, huts, more than one hundred elephants are shot annually by Government game wardens'. He omits to mention whether they are Buddhists or not, and without any apparent irony goes on to observe that 'The Burmese are keen sportsmen, and Burma contains some of the finest shooting in all Asia.'

The Government sells the hardwood of the forests to contractors very cheaply. Teak is the valuable timber, and next to that pyinkado, useful for railway sleepers because it cannot be attacked by white ants.

We continued along the forest track and came to where a contractor had two elephants hauling logs into position for loading on to the waiting lorry. There was the warm grey smell of the great patient, intelligent beasts, and the crash of bamboo as the logs were manoeuvred, by trunk and forefoot, into the required position.

We stood watching, with the contractor, and I learned that the Government had abandoned the reafforestation plan in favour of encouraging natural growth, but it was debatable as to whether nature could produce as rapidly as man consumed, and as a long-term plan the natural growth policy might not prove economic. It meant, also, that if there was to be no reafforestation the forest officers must become little more than forest 'policemen', keeping an eye on people taking wood for fuel from reserved forests, or taking land for cultivation, or to build a house on, where they should not, and people burning the trunks of trees and tapping them for resin, which destroys the tree. (The resin is used for torches, for domestic lighting.) Thus the forest officers tend to feel that they have no scope for real forestry, and the service is not as attractive, therefore, to forestry-minded young men as it once was. There are in any case fewer applications generally—"every young man of any education, however slight, fancies himself as a government official wielding a little power".

<sup>1</sup> In *Burma and the Japanese Invader*.

I felt bound to agree that there did seem to be an inordinate number of young men walking about Burma today with brief cases under their arms and an air of importance which their minor official roles hardly justified, quite a few of those roles being merely clerkships.

Then, too, religion can present a problem to the forestry officer on occasion, in a district where the races and their religious beliefs are so mixed. There was, for example, a banyan tree to be cut down. The Kachins wouldn't do it, because they are animists, and they were afraid of offending the *Nats*. The Hindus wouldn't do it because to them the banyan is sacred. Finally a Christian was found to put the axe to the root, and then the Kachins finished it. "Even the *Nats*," said the D.F.O., "must bow to a Government order!"

We got back from the forests at noon and went to the river to see what happened to the logs when they finally left the forests. The Irrawaddy here lies below low clay-coloured cliffs. There is a little coarse sparse grass, and clumps of grey scrub and thorn. The dust here is so deep that one person walking behind another must keep several yards distance, because every step raises a grey choking cloud. There is completely no shade, and the heat, when the sun is immediately overhead, is unbelievable. The river, then, becomes as colourless as the sky, as though the heat had drained the colour out of both. On both sides of the river there is this clay-coloured burning aridity. Day-long, without shelter from that fierce heat, men stand in the river, their *longyi*s tucked up round their thighs, lashing the heavy logs to bamboo rafts. Bamboo huts are erected in the middle of the rafts, and the raftmen live on the rafts as they drift down the river to Rangoon, where the timber is unloaded. There the raftmen break up their huts and sell them as firewood and return north by train.

Perhaps it is not a bad life drifting down the river on a bamboo raft. Some of the finest scenery of the Irrawaddy is on the stretch between Bhamo and Mandalay, with dense forests going down to the water's edge, and range upon range of great hills behind. But perhaps in an opium-eater's dream you do not notice the scenery. . . .

In the night, incredibly, in spite of the bright moonlight there was a heavy shower of rain.

At seven sharp a jeep load of armed police arrived—six including the driver. At seven-thirty I climbed into another jeep beside the D.C. and we set off for the village of Mantha, the escort party sufficiently far ahead for us to be clear of the wake of their dust. On the way out we passed a tank graveyard—rows of rusted tanks, some said Chinese, others Japanese, others again American. The jungle creepers had almost entirely covered some of them—perhaps, even, by now they are completely covered and birds nest in their turrets, so that they are no longer like old abandoned idols, 'lost obscenes' with molten bowels. Now they are buried in the jungle, 'preparing destinies of rust'.

Then for a long time the road ran through jungle, with tangles of bamboo, and the mauve creeper over everything, and the tall teak trees dropping their big sun-dried leaves to the dust. The day was already hot by the time we reached Mantha. There is a broad main street, ankle deep in dust, and houses on stilts at either side, shady with trees. There are about a hundred houses. The people are Shans. Under a wooden-pillared shelter in a square women squatted on the ground preparing rice for the village festival; the rice was being puffed in wooden bowls over charcoal fires. They regarded the two jeep loads of visitors with mild interest and without stopping their work. Only the children swarmed round, frankly curious and amused.

We spent some time in a rest-house, all wood, without and within, which had recently been in the hands of insurgents. There had been shooting and loss of life on both sides.

Presently the school-bell tolled and children, women and girls, began moving through the dust to the school-house, and "Let us go," said the D.C. "They are assembling."

This was a Mass Education village, and the women and girls were pupils of the adult education classes. They were assembling now not for lessons but that the visitors might inspect them along with the school.

But it should be said here that Mass Education is not merely a matter of literacy, though literacy is part of the program. The name is so misleading that even in Burma itself the campaign is popularly assumed to be purely a literacy drive. It might have been better had Burma borrowed from India and called this great drive for better village life 'Basic Education'—though that, perhaps, suggests only a concern for

schooling; whereas in both countries the campaign is vastly more than that. Perhaps it is best summed up as better living by better *doing*, and the development of community spirit. Briefly, Mass Education shows—rather than tells—people how to live more efficiently, and more satisfactorily—physically and spiritually—the lives they have to live. Literacy does come into it, with adult education classes in villages such as this one, in which there were formerly no schools, but it is by no means the most important item on the agenda. Helping people to a knowledge of the three R's can hardly be accounted more important than showing them how to get the best results out of the soil, how most hygienically to organize their necessarily primitive sanitation, how to make roads which will not plunge them ankle-deep in dust in the dry weather or half drown them in mud when the rains come. Mass Education aims at developing civic sense and community spirit, the need for co-operation in village life, and at demonstrating the advantages of the co-operative marketing of produce.

The Mass Education officers, both men and women, who go out to the villages and live there for a time, first do a long course of training at the Mass Education Centre a few miles outside Rangoon. Here there is a farm, with cows, pigs, poultry, also flower and vegetable gardens, and workshops. The applicants for the work are required to serve a novitiate period, during which time it is determined whether they have the essential physical and temperamental qualifications for this form of social welfare work: which does, obviously, require special qualities of tact, understanding and selflessness. Sometimes the applicants themselves decide that they are not after all suited to the work, which is as essentially of a vocational character as nursing or school-teaching. They must be willing to go anywhere at any time, and to live under conditions counted hard by urban standards. It is not easy to find the right kind of people, but they are found, though as yet not enough women come forward.

The idea of introducing Mass Education, which had already been introduced into India and China, into Burma was conceived by U Nu shortly after independence, and U Aung Min, Director of Social Affairs, was made Director of the Mass Education Council. I was delighted in a long con-

versation with him to discover that although literacy was a very important part of the M.E. program it was by no means the most important. In the East even more than in the West education is commonly thought of in terms of book-learning, examinations, degrees—the importance attached to degrees in the East is almost pathological. But U Aung Min has no such obsession. Mass Education has a four-point program—the improvement of agricultural methods, the teaching of hygiene and better methods of sanitation, the development of community spirit in place of each for himself, and literacy. Hygiene and sanitation come first; literacy last. The symbols of Mass Education, printed on their text books, are a plough for agriculture, an open book for literacy, a red cross for health and hygiene, and three links of a chain symbolizing community spirit.

In every Mass Education village there is a social centre. Sometimes it is the house of the M.E.O him—or her—self. The M.E.O's house, whilst being structurally like any other village house, must be, obviously, the best kept in the place, inside and out. The function of the M.E.O is to teach by *example*—to *demonstrate* the best way to do things, not theorize concerning them; to encourage the desire for better living and to foster the attempt to achieve it. All improvements are the results of the people's own voluntary efforts. Thus when a new school building is needed the people subscribe the money and build it themselves, just as they subscribe for all else for their common good.

At Mantha the M.E.O was a young man, of sympathetic personality, who was about to move on to another village and be replaced by a young woman.

When we entered the school-house all the children sitting on the floor turned their faces to us, and with their little flat faces, big dark eyes, and fringes of dark hair, they were like so many little Japanese dolls. Behind them sat the women and girls of the adult classes, their ages ranging from fifteen to fifty—'old women', as the latter were called. But as Burmese people in general invariably look younger than they are some of the 'old women' looked not much more than girls when they were asked to step forward for inspection. They seemed a little shy, and small wonder; the girls were inclined to giggle. The children merely stared, impassively. Presently they all stood up



and sang the Mass Education Song, which is of the *genre* of the Union Day Song, but is concerned with all the things that M.E. teaches.

I was shown some of the books in English available to the villages. The first I was handed was entitled *Studies in Success*. Turning to the index I found the following remarkable assortment of studies—Gandhi, Lenin, Abraham Lincoln, George Washington, General Aung San, Sun Yat-Sen.

The next book I handled was Dale Carnegie's *Give Yourself a Chance*.

It is to be hoped that as time goes on M.E. officers will be able to offer the writings of Burmese writers—the East speaking with authority to the East. What have these how-to-be-a-success writers of England and America to say to the people of, say, Mantha village? Your-land-and-how-best-to-cultivate-it, your-village-and-how-best-to-live-in-it, would be more to the point. Burmese villagers give themselves a chance when they become literate, acquire a knowledge of hygiene, learn how to repair their roads, learn the meaning of mutual aid. They have their own problems, their own needs, their own remedies, of which the Western success writers—who have probably never set foot in an Eastern village—know nothing. The sun does not rise in the West; it sets there, and, indeed, may be said to have set; whereas in the East it is steadily rising.

In the heat of early afternoon the two jeeps raised their great cloud of dust in a village where the men were already merry on palm toddy in anticipation of the evening's *pwè*. When we stopped to inquire the way they crowded round, laughing, and suggested that we should stay with them awhile. They were so gay that this seemed to me a very charming invitation indeed, and greatly to be preferred the sitting on the floor of a bamboo house and becoming a little merry oneself to pushing on through the heat and dust merely to see the place where they were going to be even merrier that night.

But their gaiety was frowned upon. Good Buddhists do not drink intoxicating liquors, and a censorious voice said, contemptuously, "They are all drunk!"

We left the merry-makers to their gaiety and moved off down the wide street with the bamboo houses on each side, and

just outside the village came to a monastery. The monks sat at the windows, shaven heads leaning against the lintels, the orange of their robes dazzling in the sunshine. It was like a huge dove-cot with orange-coloured doves.

The reason for the *pač* was the unveiling of a monument to a monk who had insisted on earth burial. Workmen were still working on it when we came to it, on rising ground at the side of the road, some way out of the village, and above the wide *maidan* where the *pač* was being held. Pots of water had been buried with him, to prevent drought caused by this deviation from the rule of cremation for monks. . . .

On the *maidan* a large stage had been erected in readiness for the performers, and under leaf-thatched awnings shelves and trestles awaited the display of goods and eatables. A few women sat on the ground in the shade of an open-fronted hut; a few men wandered about. The long grass was burnt to the colour of straw and the heat rippled over it like shimmering water. A woman emerged from behind a bullock-cart, its shafts upturned, and stood watching us. She wore a Shan hat, and her *longyi* up under her armpits leaving her shoulders bare; she had a drowsy child on her back. She watched us, but her young and rather beautiful oval face was expressionless. 'What's Hecuba to him, or he to Hecuba. . . .' What, indeed. Not that I would weep for her. I wanted only to see her impassive beauty illuminated by a smile. But it waited on sundown and moonrise and the footlights on the peopled stage. Had that old *pongyi* been cremated there would have been one festival the less. Now instead of mourning him they could celebrate.

Walking back to the jeeps we talked about *pongyis*. In this village there were more monks than villagers.

"And they all have to be supported by the people?"

"They like to do it."

"You would not say that they are parasites, living on the backs of the people?"

"That is what the Communists say."

"You would not say that there are too many of them?"

"But for this great celibate population we should be overpopulated like India."

"They are the country's birth-control?"

"Yes, sir."

I started, though it was not the first time I had been called 'sir'. They did, sometimes, disconcertingly, mix their pronouns.

Next morning I went early with the D.F.O. and his wife to the market. One market, it is true, in any country, is very like another, but I am of those who find markets anywhere endlessly fascinating. This market, too, was different from the Mergui one. There were small shops—silk shops and provision shops; and women sitting on the ground making rice-flour pancakes in black cauldrons—like the Irish pot-oven—over wood and charcoal fires on the ground; there were sweet ones, with the delicious toddy-palm treacle, *jaggery*, and savoury ones with a sprinkle of herbs or vegetables. We bought a few and they were handed to us wrapped in a piece of plantain leaf. With my passion for *jaggery* I longed to eat them immediately, but they proved to be tough and stodgy, and so far as I was concerned quite unedible. There were fishermen with fresh-water fish, fresh from the river that morning; and country people bringing in their vegetable produce. There was tobacco from China, and tinned fish from Japan. Women, half hidden as under umbrellas under their Shan hats, squatted behind their wares, babies strapped to their backs or suckling at their breasts. There was a great traffic of people, Kachins, Shans, Chinese, Indians, with a preponderance of women, moving up and down the narrow sun-baked alleyways between the stalls. A few pi-dogs rummaged in the gutters. There was the sudden stench of dried fish; the sudden scent of flowers; a smell of frying; a smell of spices; and always the moving coloured stream of the people in their bright clothes. I did not want to go from there, but there was no more to look at, no more to buy, and the day was beginning to be hot.

We drove back through the dusty little town, and the long day stretched ahead, empty but for tea at the Roman Catholic mission. Returning from the villages the day before we had been hailed by a little man in shorts at the side of the road. He came running when we stopped for him.

"Sure, I'm in luck," he said, as he scrambled in.

I smiled at a familiar inflection in the voice.

"What part of Ireland do you come from?" I asked.

The previous day at my talk in pre-war Russia there had been one European present, a tall young man in a long white linen coat. I had thought he might be a chemist or a doctor. He had come up to me after the lecture, and all Ireland flowed off his lips. He was a priest from the Mission, and his name was Connolly, and he came from Galway. . . . On the peninsula where I live in the County Galway there are no less than three families so named. I almost hugged him - the darlin' man, the darlin' man.

There were other Irish priests at the Mission, it seemed, and wouldn't I come and have tea and meet them? I replied that I would be delighted - and meant it.

It was cool and pleasant at the St. Columban's Mission, and we talked of Ireland - so green, and so far away - so more as Nanyang, only we didn't mention Nanyang at the Mission. Though the fathers were very nice about Buddhism, polite and respectful - I was a bit awkward - a work is done mostly up in the hills, and the Kachins, the Kachins. They run a secondary school for boys in Bhamo, also in Myitthana, though St. Columban's is not really a tea-house mission. "We prefer to concentrate on purely missionary activity," Father Connolly told me, "but at the same time that is not possible - at least for the present, so we do a bit of tea-house mission." In fact, he added, "one of the real tests of my entry was that I teach."

The Mission has opened small, but standard, schools in the hills, some of which are State recognized and supported, and others supported solely by the Mission. Promising pupils from these schools are sent to the secondary school in Bhamo or to the one in Myitthana - where there is also a convent for girls run by the Columban nuns. The secondary schools are not State recognized or aided, but the students are allowed to enter for State examinations in them, so the Mission takes fees in these schools from all non-Catholics, and from such Catholics as can pay, to help pay the staff.

The Kachins take to Christianity readily, and there are fourteen thousand Catholics in the hill villages, with an average increase of about a thousand a year. So far there has been no Kachin priest, but "we have nine or ten boys doing their secondary education in preparation for the priesthood". Missionary work is also done among the Shans, but Father

Conneally admitted that their progress was slower, "as the Shans are Buddhists." But there were, he said, "two thriving Shan communities".

The American Baptists lead in the Christian field in Burma. "The Americans got here first," being the simple explanation. The 1931 Census Report recorded them as accounting for sixty-four per cent of the 331,106 Christians in Burma, and Roman Catholics accounting for twenty-seven per cent. Seven per cent were Anglicans, the remaining two per cent divided among other sects.

The Circuit House seemed lonelier and more desolate than ever at sundown after the Irish friendliness of the St. Columban's Mission. But I had been told that a Special Branch police officer and his assistant were arriving, so at least, I thought, in my Western simplicity, there would be company for the evening meal in the drill-hall of a dining-room. That would be something.

But that was where I was mistaken. In a country where even husbands and wives do not commonly sit down to table together it was hardly to be expected that two Burmans would sit at table with a woman who was a total stranger. I should have known better, and when I had been longer in the country after several times in cafés and restaurants sitting down next to a man and finding he got up and moved to another seat, I did know better. (In a 'bus a man would not dream of sitting down next to a woman. If there is no other seat he would stand, rather. And once, when I moved up in the front seat of a jeep to make room for one of the passengers crowded in behind, the woman I invited refused—rather than sit next the driver, not because he was a driver but because he was a man.) So all that happened the night there were other guests at the Bhamo Circuit House was that I was given my meal in my room, and earlier, and by seven-thirty found myself sitting forlornly alone with the hissing lamp and the haunted shadows.

Outside, the empty compound, the white road, the little pagoda among the trees, the long lines of the hills, the watershed between the Kachin State and the Shan States—were daylight-clear in the tremendous flood-lighting of the full moon.

With nothing else to do I wrote two letters to Rangoon, neither of which ever arrived.

(VIII)

THE ANCIENT CAPITAL: MANDALAY

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THE moment I stepped out of the 'plane on to the brown grass of the airfield I realized that the Mandalay heat was different. It did not cling like the damp heat of Rangoon, or burn like the bright heat of the deep south and the far north; it was a curiously suffocating heat, a heat in which it was difficult to breathe; a heat thick and heavy with dust. It was late afternoon when I arrived and there seemed to be a reddish haze over the airfield and the distant hills, not a sunset glow, but something thrown up from the hot dusty earth—heat made tangible, it seemed.

There was no one to meet me. The Attorney General had written to his old friend, Siri Sithu U Ba Maung, bank agent—and late Inspector-General of Police and Prisons—saying that he would be glad if I could stay with him whilst in Mandalay, because at his house he was confident I would meet 'the cream of Buddhist intellectual society'. This letter took a week to arrive, but on receipt of it U Ba Maung wrote that he would be delighted to have me but that the date suggested would not be convenient as he had a venerable *sayadaw* staying in his only spare room. To this letter he had received no reply—it came eventually, having been ten days in transit. Having had no reply to his letter U Ba Maung had assumed that some other arrangement had been made for me. I telephoned him and in about half an hour he arrived in a large and handsome car.

He proved to be elderly, and his manner one of great kindness. He was much exercised as to what to arrange for me. Perhaps I could share a room with his wife and he could put up a bed in the room of his old mother. I said that I could not disturb his domestic arrangements like that, and I had another address in Mandalay—a very nice young Burman whom I had met in Rangoon with Mr. David Maurice had very kindly

invited me to stay with him and his wife when I came to Mandalay; I had, indeed, accepted the invitation, but the Attorney General had been very anxious that I should stay with his old friend and I had cancelled this arrangement. But no doubt I could still go there.

U Ba Maung was still troubled. "At my house it would have been ideal for you—the situation of the house, on the moat, and then every Sunday the discussion group meets there."

"I need only sleep at this other address," I urged. "I can still meet all these people, and when it is convenient move into your house."

U Ba Maung inquired the address of this other place. When I told him he exclaimed, dismayed, "But that is in Chinatown!"

"Is there anything against that?"

"If you don't mind——"

"I don't mind," I assured him.

So U Ba Maung instructed his driver, and we drove out on to the long busy dusty road that runs past the airfield and came soon into the busy dusty streets of the city of Mandalay, and over everything hung the hot reddish haze of dust.

Properly speaking Mandalay no longer exists. The old city, built just about a hundred years ago for King Mindon, when he moved his palace bodily from Amarapura, the Golden City across the river from Sagaing, was destroyed in one night by British bombers in May 1945, and only the high encircling red brick wall of that 'miracle of rare device' remains. Burmans I talked to everywhere will not have it that the old city was a military objective; they say that 'there was no one in it', that the Japanese had gone from it.

"Then why?" I naturally demanded. Every time I asked it, and every time got the same answer.

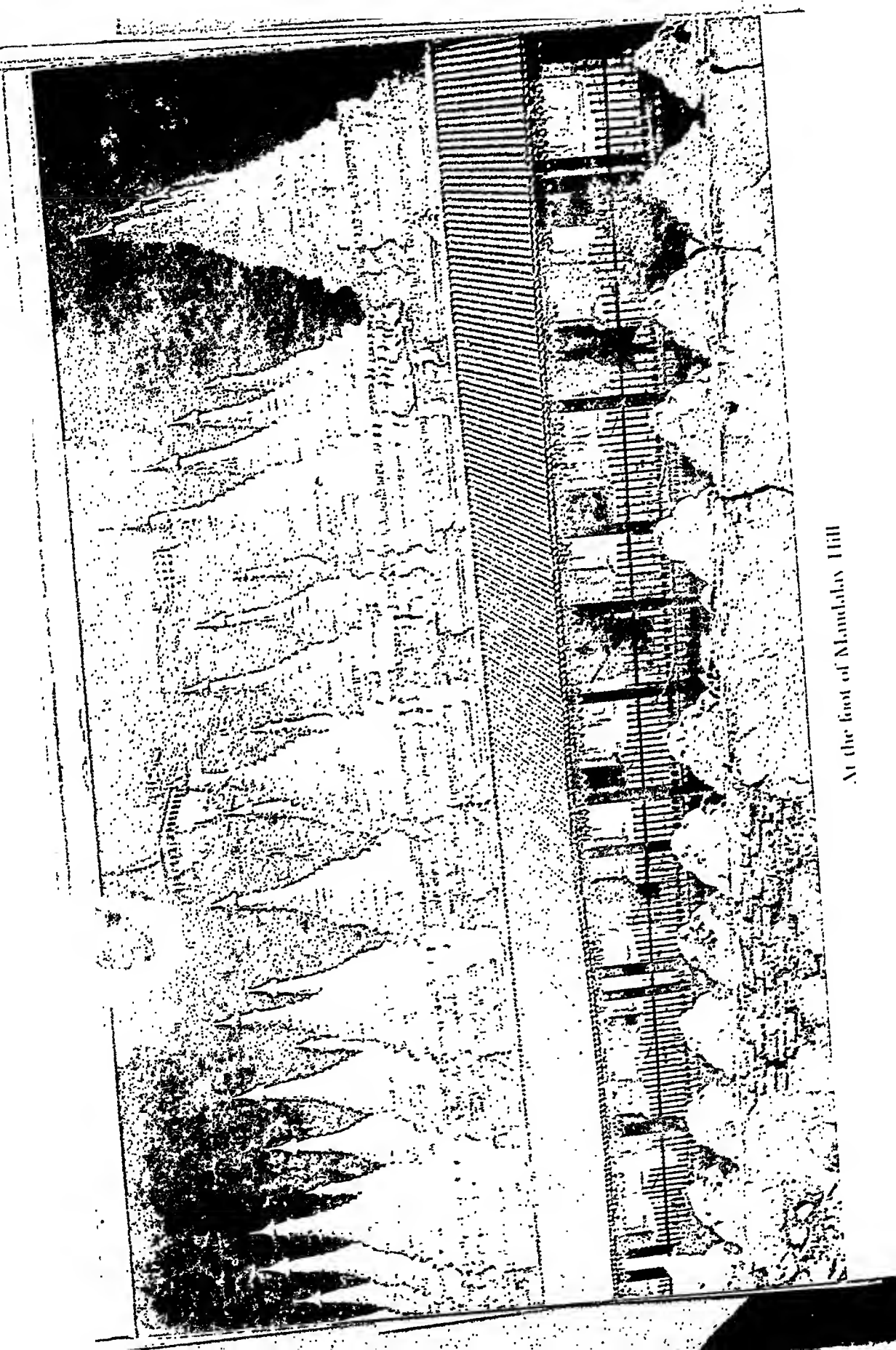
"They wished to break our national spirit."

When I urged that the destruction of one important national monument would not be calculated to destroy a nation's spirit—which I took to mean its nationalism—I was told, darkly, "But they destroyed other things, similarly, up and down the country. Other things dear to us."

These other things were never enumerated and I remained unconvinced. But whatever the reason for the destruction the







At the foot of Mandalay Hill

tragedy is not lessened. From the model of the city which exists, and from pictures and descriptions of it, it must have been, with its tiered wooden roofs, gilded and lacquered, and intricately carved, the golden spires of monastery and palace, the ornate watch-towers like small pagodas along the walls, reflected in the moat, a dream of beauty. The town outside the walls was never much, and it also was destroyed by bombs. The shoddy, makeshift-looking Mandalay of today, which has no suggestion of a capital city about it, is mostly post-war. The streets are pavementless and unmade; there is no sewage system, no main water. It is full of refuse and pi-dogs. It is a dust-heap of a town. But that is not the whole of the picture. The rest of the picture is pure enchantment. The bombs did not destroy Mandalay Hill—although there was some fierce fighting there—or the Arakan Pagoda, the Golden Monastery, or the Kuthodaw; and though the great moat which extends round the walls on all four sides is in great part silted up now with water-hyacinths the beauty of the walls reflected in the water is something which to see once is to remember forever.

The address in Chinatown, it turned out, was merely the young man's business. I explained the situation and asked if I might still avail myself of his invitation. In reply he addressed himself to U Ba Maung, in English, respectfully addressing him as Uncle, in the polite Burmese fashion.

"Uncle," he said, "Miss Mannin is very welcome to stay in my house, but you must understand that I live very plainly. I have, for example, no commode sanitation."

I hastened to assure him that I would be very happy to accept his plain hospitality; that, indeed, I was most anxious to experience the life of ordinary Burmese families, not merely those of high Government officials.

So it was settled, and after we had each taken a glass of iced orangeade, my baggage was transferred from U Ba Maung's car to the young man's jeep and we set off through the crowded main street to a dusty suburb of small bamboo houses standing behind dusty trees at each side of wide unmade roads. Some children played in the dust outside the young man's house and some women sat on a bench against a paling fence under a dust-laden flowering shrub.

These middle-class Burmese houses are really only one large room, with a front door and a back door, windows at both sides, and a cubicle partitioned off as bedroom for the married couple. In this house the old mother had her bed at the far end, behind a dresser, near the back door, which opened across a yard to the kitchen quarters. At the other end of the room there was a low sleeping platform for the children, and a bed put up against the wall for the visitor. In the window corner there was a kitchen table at which the family ate. A wash-hand-stand was conveniently placed by the window near the children's sleeping place—convenient because everyone, children and adults both, cleaned their teeth leaning out of the window.

A corner of the yard was screened off for bathing. This bamboo screen arrangement is all very well if you wear a *longyi*—as I have described earlier—but as I had not been supplied with one it was a little difficult, for standing up I was taller than the screen and had nothing with which to cover my upper nakedness—except a small towel, and the problem was how to wear a towel and use it. Water can be poured over oneself in a squatting position, but sooner or later one has to straighten up. Bamboo fencing and a papya tree screened this compound off from the next one, and there always seemed to be people about, so that one invariably bobbed up at the wrong moment. The 'little house' was under the papya tree—a few steps up and a deep drop down. It is curious that the commode system—unavoidable in town houses with no compound—should be considered superior.

At night there were eight of us in the shuttered room—the three children and myself, the husband and wife—who took the youngest child in with them—the old woman, and the hired girl whose duty it was to sit by her all night, as she was suffering from some form of nervous paralysis and needed attention at regular intervals throughout the night. In the middle of the room there was a dog—which I did not know until the night I got out from under the mosquito net to go to the yard and stumbled in the darkness against a chair, which set the brute growling and barking in the most terrifying manner, till my host called to it from his cubicle. Across the room were the usual lines upon which to hang clothes and towels. This arrangement obviates the necessity for drawers and cupboards, and is

common to all but the most Europeanized of Burmese homes. At the front door end of the room there was the usual Buddha shrine, with the usual asters and the usual offerings of glasses of water. On the wooden walls were the usual calendars.

If one is not used to it, sleeping *en famille* is at first a little disturbing; one is aware of every sound, the breathing and movements of everyone in the room; the darkness is as alive as night in a forest. It can be claustrophobic, too, with the doors bolted and barred, and all the shutters closed fast. And, in Mandalay, hot; suffocatingly hot. The lack of privacy for dressing and undressing I found less disturbing, for in the East, generally, where doors are so often merely curtains—very often bamboo—and people move silently on bare feet, privacy as understood in the West does not exist.

My hostess had no English, nor had the girl who arrived at six to sit by the old woman's bedside till six in the morning, but there was an Esperanto of goodwill expressed in smiles. One day my hostess's sister came into the room and, smiling, demanded, "Show us, please, your pictures." I produced from my wallet the usual dog-eared photographs of one's nearest and dearest that one does carry around. Those of my daughter aroused a good deal of interest. How old was she? Was she married? And then, inevitable question, how old was I.

The two little girls could sing and recite in English, and in a curious parrot-fashion state their names and ages, for they went to an English school, but they had not much for conversational purposes. But they were not shy, and we played noughts-and-crosses, a game new to them, and did sums, and practised such helpful English sentences as 'his hat is on his head'—which I had seen in a Mass Education reader. My typewriter completely fascinated them, and they all but climbed into it when I was using it, which I did with the sweat pouring down my limbs and my finger-tips leaving wet marks on the keys. . . .

There was *puè* in Mandalay and we bundled the children into the jeep and drove out to it through the warm, dusty moonlight. It is one of the several ways in which the Burmese are like the Irish, that the children stop up till all hours. In a wide

arid space flanked by pagodas a huge crowd had assembled; some wandered about looking at side shows, some stood in crowds watching an open-air film, some sat on the mats spread in the centre of the space; some people had already stretched themselves out and slept in the hot dusty moonlight. High and full and golden the moon seemed to burn like the sun in the dust-hazed air. Awake or asleep the crowd—men, women and children—would be there till about five in the morning.

On a stage at the far end of the *maidan* a band with bamboo clappers, drums and pipes, made loud harsh music, with a crash of brass somewhere in it, and a number of acrobats stood with various props ready to give a performance, but everyone sat with their backs to the stage, fascinated by the film show. There was a smell of frying food from the eating booths; and General Aung San's picture was everywhere. In the near distance Mandalay Hill stood out clearly in the moonlight, its summit pagoda strung with lights, like an outpost of the *pwé* itself. There was an exhibition of photographs organized by the U.S.I.S.—the United States Information Service—which was also responsible for the film show. The U.S.I.S. is everywhere in Burma. When I remarked this to my host he replied, "America woos Burma because it feels that China woos India."

Where the booths ended there was dust and palms and thorn-bushes and desolation and the smell of excrement. A pariah dog slept on a pile of shavings. We followed a dusty lane along a broken fence to the Kyzuktawgyi, the 'Stone Pagoda'. A dark covered way led to a large white central pagoda surrounded by a score or so of small white satellites looking in the moonlight like crowding sails. In the pagoda itself people slept in the shadows on the broken floors, and in odd corners at the foot of massive pillars. In the dim light a huge alabaster and gold Buddha image was discernible. There were fading flowers and guttering candles, and silence untouched by the movement of bare feet over stone. The children dropped to their knees and folded their hands piously before the great image, gazing raptly. I was reminded of young children involuntarily crossing themselves and genuflecting in Roman Catholic churches.

It is said that it took ten thousand men thirteen days to

drag the huge block of marble to its present site to be carved into a Buddha image, and that King Mindon himself instructed the sculptors as to the carving of the face.

The hundreds of pagodas here at the foot of Mandalay Hill—there are actually over fifteen hundred—are in three groups: the Kyauktawgyi, the Sandamuni, and the Kuthodaw described earlier. The Sandamuni stands like the Kuthodaw in the middle of row upon row of lesser pagodas. It is built on the site of the temporary palace in which King Mindon lived whilst waiting for his city within the walls to be completed. It consists of 1774 slabs, each housed in a temple, which set forth the commentaries on the Pali text inscribed on the 729 slabs of the Kuthodaw.

Dark thick-leaved neem trees grow now in the wide avenues of the Kuthodaw pagodas, creating a curiously cloistral effect. Grass and flowering weeds are knee-high everywhere, and there is a twittering of unseen birds which serves only to emphasize the silence of this veritable city of pagodas. By moonlight and sunlight it is all equally astonishing—to the point of incredibility. That there *could* be so many pagodas, all alike and all in one place, hundreds and hundreds of them, avenues and avenues of them, marching in long straight rows—a whole *army* of pagodas! Words cannot deal with anything so astonishing. Neither, adequately, can the camera. It can probably only be properly taken in from the air.

But close to the Kuthodaw is something much more comprehensible—which, indeed, very readily stirs the imagination—the Golden Monastery, the Shwe Kyanng. This now crumbling wooden structure is all that is left of King Mindon's Mandalay, but it is enough to give an idea of the gilded and lacquered beauty that once dwelt behind the high red walls. After King Mindon's death the palace apartment in which he died was transferred, entire, to this place at the foot of Mandalay Hill by his son and successor, King Thibaw, who gave it to the *pongys* for a *kyaung*. The monastery really grew up round the royal apartment.

But today, unless something is done about it, and done soon, it will collapse within the next few years. The planks of the verandah which runs round it, at the top of broken wooden

stairs, are rotten to the point of being unsafe. Here and there a beautiful intricately carved gable is awry, looking as though the next monsoon will sweep it away. The carvings of the doors and outer walls are most wonderful. Inside there are golden walls and pillars, and the remains of red lacquer. A towel line is stretched across a golden wall, and there are cobwebs everywhere, and the black dust of ages, and a crumbling decay. The *pongyis* have their mattresses and spittoons and books on the floors in different corners of the dark rooms, their robes like sudden bursts of sunlight in the dusty dimness. The throne room houses a Buddha image, as in the President's house in Rangoon. Surrounding the monastery there is a garden, with a roofed well, and banana trees, and jasmine bushes, and always and everywhere the tall palms etched against the sky, and the hot dust burning the bare feet.

I was impatient to climb Mandalay Hill, although I was assured there were no less than two thousand three hundred and thirty-four steps. The approach to it, across a burnt brown wasteland where the hutments of a military cantonment remain in various stages of ruin, is desolate in the extreme. At the foot of the staircase are the usual guardian crested lions, as huge as those of the Shwe Dagon, and dazzlingly white in the sunshine. The staircase is roofed and takes several turns. It takes an hour to walk up, and one begins to believe in the two thousand or so steps. The building in the middle of the burnt brown plain turns out to be a brewery. The canal cutting across the plain is being used in the scheme for a main water supply to the city, the water to be pumped to a reservoir to be constructed on Mandalay Hill. Until this scheme is realized Mandalay is supplied with drinking water from artesian wells, and water for general purposes from the moat, brought to the houses in kerosene tins by water-men who charge one anna a tin. (And you cannot change your water-man, however unpleasant or unsatisfactory he may be, for all the men have their agreed districts and streets, and none would dream of serving any territory but his own.)

At one point near the summit there are some extremely steep, almost vertical steps, and on the wall above them a plaque to the Royal Berkshire Regiment which 'after two days

of fierce fighting, March 10-12, 1945, liberated the Hill from the Japanese'.

On the broad roofed platform at the top there is a colossal golden Buddha image standing and pointing down to the city below. The figure which originally stood there was destroyed by fire in 1892. There are also up here on the platform numerous images from Buddhist mythology, including two grotesque painted figures, like something out of a rather frightening fairy-tale, one a giant the other a giantess. The giantess holds her amputated breasts, realistically coloured, in her hands, an offering to the Lord Buddha. . . .

Someone had placed a European felt hat on the head of a sacred elephant image. Everyone was amused. One of the good things about pagodas is that you can be ordinarily human in them. You can laugh in them and be gay, you can picnic in them, and if need be sleep in them. At all pagodas there are *zayats*, rest-houses, open-sided shelters, where the homeless, or the benighted traveller, may find refuge for the night—he is provided with a mat and in the morning with food. Had Jesus been born in Burma he would most certainly have had somewhere to lay his head.

When you have 'done' the Hill, and all at the foot of it, the next item on the sight-seeing agenda is the 'Arakan' Pagoda at the other side of the city.

This famous pagoda, which enshrines the Mahamuni Buddha image which gives the pagoda its correct name, is to Mandalay what the Shwe Dagon is to Rangoon. It is the most important pagoda in Mandalay. The image was removed from Arakan in 1784, when Arakan was invaded and conquered by the Burmese. It is of brass, but the pious have covered it inches deep in gold leaf. The approach to the shrine is rather like the East staircase to the Shwe Dagon; it is a covered way with small shops at each side, extending almost to the shrine itself, and selling all the things characteristic of pagoda bazaars—Buddha images, candles, joss-sticks, lacquer work, slippers—Mandalay is famous for its slippers—combs, ivories, rosary beads, tinselled coloured pictures of the Buddha, all manner of things religious and secular, the handmade and beautiful jumbled together with the most vulgar articles of mass



production. The covered way to the pagoda, and the interior of the shrine itself, is dirty with rice grains, betel-juice sputum, bird droppings, so that one cannot go barefoot with anything but discomfort and distaste. Since the Mahamuni Pagoda is as important to Mandalay as the Shwe Dagon to Rangoon it is a great pity it is not as well kept. The platform of the Shwe Dagon is swilled down every morning—true this makes for slippery going, but there is a strip of coconut matting forming a dry path all the way round.

At the Mahamuni Pagoda there is a pool of sacred turtles, but this too has a dirty and neglected look, and vultures hover and perch. Under the archway leading to the pool women sell bowls of bread to the devout, for the feeding of the turtles is an act of merit.

There is at this pagoda the same feeling of crowded 'busyness' as at the Sule Pagoda in Rangoon, perhaps because there is only the one great shrine and the devout congregate before it. The crowd, I noticed, was mainly women, some sitting back on their heels with clasped hands, eyes fixed on the great image, others sitting relaxed, smoking cheroots. Several men were right up on the image itself, acquiring merit by passing on gold leaf. Women are not allowed beyond a certain barrier in front of the image, as sacred relics are buried under the floor, and where there are sacred relics women may not tread—'because of menstruation and such,' a Burmese woman explained to me, 'we are considered impure.' There are Buddhists who consider that in an enlightened religion such as Buddhism claims to be, making a great point of its reasonableness, the persistence of this superstition—which suggests a hangover from Brahmanism—is to be deplored, and progressive-minded Buddhists do in fact deplore it.

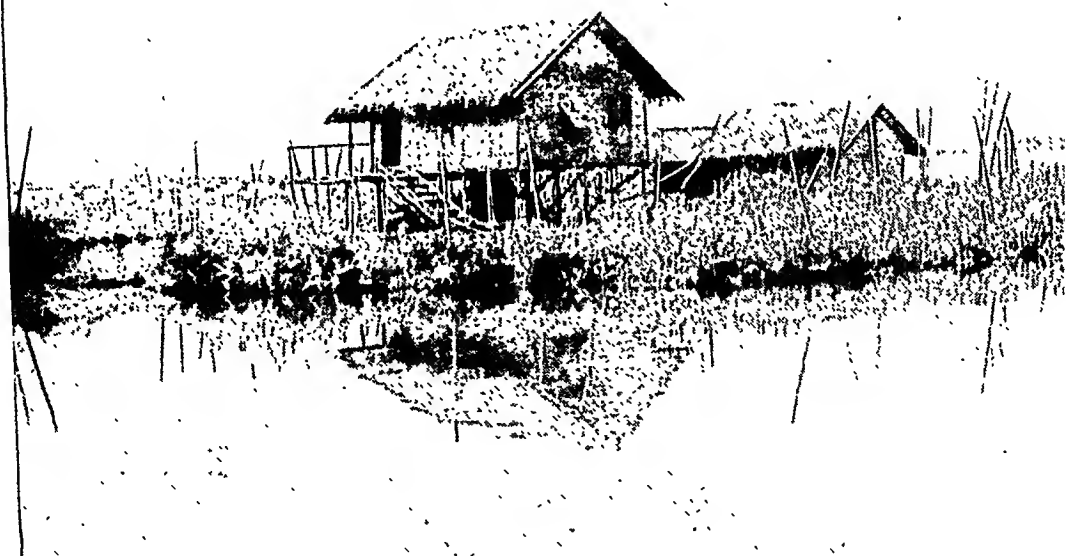
At odd times, when not burning my bare feet on the hot stones of pagodas, I saw the newspapers. Insurgents were busy in those days. 'Mandalay Goods Train Blown up by Insurgents', announced a headline, and 'Mandalay—Rangoon Line Cut. 'Moulmein train attacked.' 'The train was fired on by K.N.D.V.O's and Communists. The armoured patrol train, piloting the train, escaped.'

In U Ba Maung's apartment over the bank, looking across



The old wall, Mandalay

On the Inle Lake, Shan States





The hot springs, near Lashio, Shan Stat

the moat to the old red wall at a point where tall palms thrust up above it, between gabled watch-towers, I would see the venerable *gyasa* lying on his bed in his yellow robes, reading, with a large spittoon on the floor within reach. This room like the one opposite opened into a long living-room and the doors were always open. A wide verandah ran the length of the apartment and all the front rooms opened on to it. U Ba Maung would pace this verandah morning and evening, his large wooden rosary beads in his hand, reciting from the scriptures, contemplating the sacred Law. He had a great feeling, too, for the beauty of the old wall particularly at sundown, and a look of love would come over his kindly face when he gazed at it and spoke of it. He was pleased that Maurice Collis had spoken of the beauty of the changing light on it; he himself, who had been looking at it for years, found unceasing pleasure in it.

When in due course the holy man returned to his *kyau* and I moved into U Ba Maung's apartment this pleasure became mine also. There is something curiously moving and dramatic about that destroyed splendour still 'with walls and towers girdled round'. When the tremendous orange full moon rose above the wall it became like the back-cloth to a theatrical set. But perhaps it was most beautiful when its old dull red was deepened and softened by the glow of sundown. Even early in the morning, before the sun was up and it looked almost grey, it was beautiful, with its palms dark against the lightening sky, and the long ranges of the Shan hills misty in the distance. Mandalay Hill in the near distance would seem near or far according to the light and the atmosphere, but crowned by its white pagoda it was a landmark always there, whereas the hills would be sometimes invisible for days on end. But then how dramatic and exciting their sudden emergence! When people walked along below the wall their reflections would be mirrored in the moat so sharp and clear in their bright reds and blues and yellows you could, as it were, have turned the whole thing upside down and it would have been as clear in the reflection as in the reality.

The walls, which are six miles round, can be entered with a police permit. I prevailed upon U Ba Maung to take me, though he warned me, "You will see nothing. Everything is gone." Everything except a white staircase and terrace and

portion of balustrade here and there, which the fire could not destroy and which escaped the bombs. There is the broken white masonry of the old Relic House, but of the monasteries, the houses of the king's ministers, the great clock tower, the Queen's House, the Palace itself, there is no vestige, for all were of wood. In a small hut with glass on all four sides stands a model of it all. It is something to gaze at long and long, in its carved and gabled intricacy, rebuilding it all in imagination behind the walls that now encompass only a little broken masonry and a vast park-like expanse of grass and trees crossed by white dusty roads.

After the British had deposed King Thibaw in 1885, within the walls became Fort Dufferin. Lord Curzon, writing as Viceroy in 1901, was anxious that the Palace should be preserved as a model of 'the civil and ceremonial architecture of the Burman kings'. He prophesied that of the many scores of monasteries in Mandalay, all in a state of dilapidation, the majority would in all probability have disappeared within the next forty or fifty years. It was a near guess, though at the beginning of the century such horror as did overtake, not merely the *pagoda-hyungs* but the entire city, could not have been remotely envisaged. Curzon regarded the preservation of the Palace as 'both a compliment to the sentiments of the Burman race, showing that we have no desire to obliterate the relics of their past sovereignty, and a reminder that it has now passed for ever into our hands'.

In 1901 Burmese independence less than half a century later could not have been foreseen. Yet the walled city did pass into British hands forever, to be destroyed by them. The Queen's House and Audience Hall were occupied by the Upper Burma Club, and the surrounding wooden houses were tenanted by servants or let out as apartments, to which occupancy Curzon was opposed, because of the danger of fire. 'As long as this occupancy continues,' he wrote in his Minute, 'the entire Palace is in daily, almost in hourly, danger; and it is futile to issue orders, and to expend Government money upon the preservation of the whole, while leaving a perpetual fire-trap in one corner or part.' King Thibaw's Throne Room and Audience Hall became the Garrison Church. As alternative premises for the Club Curzon suggested the summer-house in

which Thibaw surrendered to the British in the person of General Prendergast, 'and which is unworthy of being preserved on its own account'. Other buildings were used as offices or residences by the British garrison, and Curzon wanted them all evacuated, and the apartments and gardens maintained as a national monument, 'open to the public from end to end, and carefully guarded night and day, by a sufficient body of watchmen'.

Lord Curzon's wishes were carried out, and between 1906 and 1907 nearly ninety-four thousand rupees were spent on restoration and repair work to the Palace and other buildings within the walls, and on monasteries and pagodas outside. When the Japanese entered Burma in 1942 the walled city became once again a garrison-city, and its end was sealed—for even if there were no Japanese troops inside the walls when the city was bombed its destruction may well have been simply one of the numerous ghastly mistakes inevitable in a war on that scale.

It is generally contended that only about two per cent of Burmans collaborated with the Japanese. That there was very little liking or respect for them after they had been a short time in the country would appear to be true. Everywhere, up and down the country, I heard them spoken of with bitterness and contempt, and U Nu says frankly in his book, *Burma Under the Japanese*,<sup>1</sup> that whereas at first the Japanese were welcomed, as liberators from the British, in time their arrogance and undisguised Fascism turned the feeling of the people to hatred.

Every morning a young *pongyi* came to U Ba Maung's apartment. He was so slight and silent-footed he seemed to glide into the room. I would look up from a book or from the typewriter and he would be there in one of the chairs against the wall opposite, his face hidden behind a newspaper taken from the table. U Ba Maung or his wife always seemed to know when he was there. One of them would come in and take his black lacquer lidded bowl. It would be returned filled with rice, and with little aluminium pots containing curries, and placed at his feet, but in the correct silent acceptance he would not look up from the newspaper. When U Ba Maung's wife

<sup>1</sup> Macmillan & Co. Ltd., 1954.

brought the bowl to the *pongri* she would prostrate herself before him, bowing to the ground, three times.

On Sundays a discussion group met at the house. There would be a lecture—on one occasion it was given by Dr. Soni—followed by discussion. Not all who attended were Buddhists. There were two Hindus, and among the Buddhists one was a Zen. In the intense heat of the afternoon we sat round a long table and on chairs against the walls, some fifteen to twenty people, and as the electricity was not on in the afternoons the fans were not working, but though everyone sweated no one dozed, and the discussion which followed the lecture was lively—indeed on one occasion it was fierce, with the two Hindus very obstreperous and the Zen Buddhist on his feet every few minutes, and a great need of chairmanship. The ‘learned lecturer’, as he was referred to, was caught out in flagrantly contradicting himself, and when the Hindus, jointly, pounced upon him, he shamelessly declared that there was no time to discuss the point now as he had no doubt everyone wanted their tea. . . . But after that the discussion continued for another half hour.

When Dr. Soni lectured and presided, however, such is the quiet moral force of his personality that there was no disorderliness, and the discussion evolved into a debate between him and myself, very patient and reasonable on his part, a little diffident on mine, for though by that time I had had a good deal of Buddhist discussion, in that company of scholars I was very much the novice—but a novice very willing to learn, and wide open to conversion.

I was taken to a Meditation Centre, the Bawdigon Veiktha, some two miles out from the city centre. It was not by any means my first, but the only one at which I was ever able to conceive meditation in any sense—the Buddhist sense of the practice of insight, or the general Western sense of contemplation—being possible. It is a leafy oasis of peace, with many flowers. The meditation huts are set beside a stream, with planks across to them. Each hut has a tiny verandah, and a small lamp hanging in the porch. The huts are shady with wild plantains reaching over their roofs, and the garden compound in which they stand was then aflame with cannas. The snag, no doubt, was the mosquitoes rising from the stream.

But there would probably be no more than rose from the moat, I reflected. The mosquitoes of Mandalay do not hunt in couples but in swarms.

The nights were not peaceful in Mandalay, for a night-watchman inside the barbed wire which enclosed the bank building struck the hours on a gong, each stroke very loud and strong, and with a deliberation that made the most of ten, eleven, and twelve o'clock—indeed for the midnight assault I am not sure he did not strike thirteen, for good measure. And in the early hours he sang a little song, lustily, to prove his wakefulness. It was *Moulmein* all over again, plus the mosquitoes.

It was on the Mandalay agenda that I be taken to the ancient capital of Sagaing, and I was duly dispatched in a jeep with three young men, two of them from the Mandalay office of the Buddha Sasana Council, the other the editor of a religious paper. A late start lost us the cool of the day and it was an incredibly hot and dusty journey. We hurtled across the paddy fields in a choking cloud of dust, and the dust lay white on trees and bushes. The tall leafless flame-of-the-forest trees dropped their scarlet lily-flowers into the deep loose dust at their feet. The front of the jeep was like an oven.

We came down to the Irrawaddy and a shore of burning sand and waited for the ferry. The train to Sagaing, which we had passed, though it had started an hour or more earlier from Mandalay, also ended its journey at the river, for the great suspension bridge was blown up by the British in their retreat in 1942 and was not yet repaired. Hay was being loaded on to boats by Indian coolies. A stall under a tree sold 'cold drinks'. Young men lounged on a bench in front of a makeshift café and watched us with a mildly derisive interest, like corner-boys anywhere. Presently we moved on over strips of perforated zinc, designed to assist the wheels over the deep loose dust, on to the ferry. At the other side, in the foreground there were trees, and behind, reaching away into the distance wooded hills each with the white 'lighthouse' of a pagoda at the top.

When we disembarked we drove along under trees, by the river, to the house of the D.C. standing back from the road in neglected gardens. There was a long arid wait here, with



completely no conversation, whilst the young man deputed to be the guide to the numerous Sagaing pagodas was searched for. He had gone out for a walk. I asked for water with which to wash my dust-covered feet and it was brought to me on the verandah. A child's broken toy lay among the rank weeds in the dust below. Time passed and the day already hot grew hotter. The young men sat in silence and smoked cheroots. When I was tired of looking at the calendars on the walls of the room in which we waited I went out and sat on the verandah and looked at the sunlight glinting on the fronds of the tall palms, and at the white birds perched among the scarlet blossoms of the flame-of-the-forest trees.

The young man was found eventually. He remarked pleasantly that we were earlier than expected, and it was too hot to argue. We climbed back into the oven on wheels and there followed another drive, for about six miles, through the white dust.

Present-day Sagaing is a crowded ramshackle little town of dust and dogs and open-air booths and a smell of frying. Paradoxically Sagaing lives in its past, survives in its pagodas —though the most important of those are now ruins.

There is a limit to the number of pagodas one can mentally assimilate in a given number of days, and as we hurtled along once more in the smothering dust I noted dully that pagodas had ceased to be spired and become domed; solid *stupas* of stone . . . but I was fast sinking into a stolid stupor of dust and heat.

We got in and out of the jeep, paddling across hot broken stones, hot dry grass, in our bare feet. There was an enormous bee-hive shaped stone *stupa*, as ugly as a gasometer; there was a crumbling pagoda, with figures of elephants flanking the staircase; it was built in 1430, but the elephants were not added until fifty years later. Here, high up among the broken masonry, among cloistral ruined arches, goats grazed off the dry grass and thorn bushes, the goatherd in charge of them old and grey and curiously Biblical. There were other pagodas. To be sure there were others; many of them. Too many, so that I have not remembered them.

But I remember the silversmith's on the way back, the

beautiful handwrought silver bowls, and the owner one of the old-style Burmese, with long hair twisted into a knot on top. And I remember the weaving school, where there were Japanese instructors. "Why Japanese?" I asked, and received the answer, "They are very good." Which seems a good enough reason, and to the good that the war-time hatred of the Japanese is not carried over into peace-time.

I left Mandalay and went up to Maymyo, and I came back to Mandalay, but still I did not visit the ruined city of Amarapura, although it was on the Attorney General's agenda given me before I left Rangoon, and although it was so close. At the time I did not realize its importance. Certain important omissions seem inevitable on every major journey. The overloaded mind has its aberrations. At times part of it seems to go to sleep—perhaps in sheer self-preservation. Neither the humidity of Rangoon nor the dust-laden swelter of Mandalay is conducive to keeping it fully awake.

## COOL COFFEE COUNTRY: MAYMYO

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"You will like Maymyo," everyone said. "It is like England!" As though that could be a recommendation to anyone who had travelled some seven thousand miles to get away from the native heath—and climate. More welcome was the assurance that it was 'cool'. Actually at mid-day it was 85°F., much less than which in England constitutes a 'heat-wave'. But the wind was cool, and when the body has been wet, day and night, for weeks it is astonishing and very pleasant suddenly to realize that one's skin is dry. In the evenings the temperature fell sufficiently to make one glad to put on a cardigan. And after the dust of the burning plain it was exciting to find the trees as fresh and green as an English April, with occasional drifts of pink or white blossom against the pale clear greenery.

But Maymyo is not really 'English'; it is much more 'French Riviera', with its avenues of eucalyptus trees and its bougainvillea-covered walls and arbours. In what the Burmese call 'the English time' it was a very popular hill-station, as indicated by the street-names—The Mall, Downing Street, Church Road, Club Road; a little way out there is the Harcourt Butler lake, named after the Governor. The houses are red brick, with vaguely pseudo-Tudor effects in the shape of nailed-on timber. It was a garrison-town before the war, and there is now a large Burmese military cantonment. The residential area is mostly pine woods, with English-style half-timbered houses standing back in large gardens.

The town itself is nothing much. There is a main street of open-fronted shops, with plenty of refuse in the gutters, but no wandering cows and comparatively few pariah dogs—though I saw a bitch lying with a new-born litter in a gutter dust-bin.

There are numerous Chinese and Indian shops. In the market I saw what I had not seen hitherto—bunches of sea-lavender. There is a large modern cinema, a small white pagoda, a Tibetan monastery with prayer papers fluttering from tall poles; and there are pavements at the sides of the streets—at least in the main streets.

The day I arrived in Maymyo the Lashio-Mandalay train was blown up by insurgents and seven passengers killed. It seemed such a senseless campaign. What, I asked, did they hope to gain by it? I was told that the idea was to harass the government, and "they are putting the pressure on now before the rains come".

The previous day some insurgents had come in for the *puce* and the military police got wind of them, with the result that there was fighting, in which one of the policemen was killed. Walking with one of the daughters of the house where I was staying my attention was suddenly attracted by an awning outside one of the buildings in the main street and something evidently going on. My first thought was that it was a wedding, though there was no music. But when we came close what people were gazing at under the awning was a bier. The open coffin rested on a trestle table. There were candles and a cross at the head of it. In the coffin lay the dead young policeman—he was twenty-six and an only son—with a piece of muslin drawn across his face to keep off the flies. His mother stood beside the coffin lifting the muslin for anyone who wished to look upon the dead face of her son. People came and peeped and moved away, without speaking. The mother also did not speak. She stood there pitifully revealing her son's face for those who wished to look on him for the last time, and the look on her own face was more pitiful than any weeping.

My companion had known the young man and she went to the head of the coffin and spoke to the mother and looked when the muslin was lifted. I waited in the background. A few chairs had been arranged in rows, and a number of people sat in silence. There was a middle-aged man, the father, whose grief lacked the tragic composure of the mother. His misery was abject and helpless. It was as though in the mother grief had hardened into a bitter anger.

"They are Christians?" I asked, as we left the place.

"Yes—Catholics." She added, "My father is attending the funeral this afternoon."

My host in Maymyo was another friend of the Attorney General's—U Ba Tu, a coffee planter, with a thirty-four-year-old wife and twelve children, the eldest a charming girl of eighteen, the youngest a baby of a year or so. They were a delightful family, and in their cool pleasant house I had more leisure than at any time since I had arrived in the country. Not that I had gone to Burma in order to have leisure, but the two days in which there was time to write letters unhurriedly came as quite a little 'holiday'.

On the day I arrived it was arranged that I was to go with the eldest girl the following day to visit the coffee plantations a few miles out. But by the evening of that day there was news of more insurgent trouble, and it would be impossible to go; the insurgents were, said U Ba Tu, "right across the road". There was, however, a nursery coffee plantation not far out which it would be safe to visit, and I would get some idea of coffee raising. I had never seen coffee growing, and just as some people cherish a longing 'for to see an orange growing on a tree', I had long cherished a desire to pick a bunch of coffee as one would a bunch of roses. But it seemed that if I wanted to do that I must come back in April, for not till then does the coffee come into flower. In April there always comes a heavy shower of rain, followed by another about ten days later, and which, because it brings the coffee into flower, is called the 'blossom shower'.

In the nursery plantation the slender seedling coffee bushes were each in little bamboo 'houses' of bamboo thatch. The older and stronger ones were planted out between saplings of other trees whose function was to provide shade for the coffee bushes. Coffee likes shade and coolness, and Maymyo, at an altitude of three thousand feet, suits it very well.

At one side of the compound of U Ba Tu's house the green coffee beans are laid out on a cement floor to dry in the sun, when they become a pale yellow or fawn. When they are dry they are swept up and gathered into sacks and sent off to Mandalay and Rangoon. Across from the drying ground there is a retail shop where the coffee is roasted and ground and made

up into packets for selling retail. One day I shall know whether coffee flowers have the wonderful scent of the finished product. . . .

On the way up to Maymyo we stopped at a *Nat* shrine, where we were given a bunch of white asters and neem leaves, for good luck—"to keep away evil spirits," as they said, tucking them into the windscreen of the jeep.

## *THE NORTHERN SHANS: HSIPAW AND LASHIO*

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I HAD come up from Mandalay to Maymyo without an armed escort, but the superintendent of police considered one necessary from Maymyo to Hsipaw—half way to Lashio—as the road went through insurgent areas. Between Mandalay and Maymyo, where the road leaves the paddy fields and runs through the jungle, the undergrowth has been slashed back at each side of the road leaving a clearing wide enough to necessitate any gun-men coming out into the open to pot at passing traffic. In some places bull-dozers have been used; in other places the bushes and scrub have been burnt off.

From Maymyo to Hsipaw this has not been possible, for it would mean destroying whole forests. At times the road is a series of hair-pin bends zig-zagging down into steep wooded ravines and climbing up again in another series of zigzags on the other side. In the early part of the journey the escort used its guns to aim at wild fowl in the woods. But though there were several halts for this purpose the bag only totalled one. We stopped for some time at the tall wooden house of a police superintendent to pick up additional escort for the rest of the journey. The half dozen guns we already had with us were not considered sufficient for the road ahead. Although the house was in the next compound to the police barracks it took a long time for the 'police boys', as they were referred to, to get themselves into uniform and come round with a jeep. In the meantime with the superintendent of police from Hsipaw I sat and drank green tea and admired the roses in the garden below. It was hot and shadeless outside and comparatively cool in the house, but the day was going to get hotter yet and I was impatient to leave. Also the jeep in which I travelled was

U Ba Tu's, and I knew that he wanted it back as quickly as possible. But the Burmese, who are like the Irish in various ways, are like them in this, that there's always 'time enough', so never any hurry.

In due course the khaki-clad lads—they were all very young—came round with their guns and cartridge-belts and we took to the road again with our double escort. The lady of the house, who spoke no English, nor understood any, but between whom and myself there had been the Esperanto of mutual goodwill and smiles, gave me a rose from her garden at parting. The three jeeps moved off down the wide road between the bamboo houses under their palms and plantains, leaving behind a great mist of dust.

We were now in Shan land, with covered bullock waggons at the sides of the roads, the tall pointed hats everywhere, and men with long Chinese moustaches. A wayside shanty announced 'Chin Sein Licensed for Opium and Liquor'. Another merely announced itself as 'Liquor Shop'. But presently there was the 'Success Dispensary'. For a time there were paddy fields, where buffaloes grazed the stubble; then the road climbed up through wooded hills and the landscape was suddenly curiously Gothic. The superintendent halted the jeeps that we might take in the wonder of the Gokteik Viaduct spanning the valley in the near distance. This astonishing structure is a railway bridge which crosses the valley at a height of 870 feet. The superintendent said he would go down into the valley with us, for the sake of the scenery, though at this point he and his men were due to leave us. The journey would be continued with the single escort with which I had set out from Maymyo.

In the early afternoon we arrived in Hsipaw, dusty and straggling, and of no particular interest, so that there turned in my mind the idea of pushing on to Lashio—if transport should be available. The pleasant young British Consul at Maymyo, who had been hospitable and kind, had been at some trouble to get in touch with U Laik, Minister, at Hsipaw, and he was willing to put me up. But as we drove through Hsipaw it seemed to me a place to get out of rather than to stay in. There are places that oppress the spirit with a kind of desolation that emanates from them. In England they exist along by-passes



and in outer-London newly built-up areas. Hsipaw seemed to me such a place; as though there were no reason for it. It produces oranges and tea, and I cannot find that any other interest attaches to it. There is the Pawgyo Pagoda, to be sure, but that is some six miles out.

I found U Laik at the Residence, a large wooden house like a circuit house built by and for the British. U Laik was geniality itself. I was very welcome to stay in his house. His wife produced a bowl of water that I might remove the dust from the road, and his servants produced rice and curry. He sat and talked to me whilst I ate. The Consul had expected that I might find 'some Embassy people' at the Government Guest House, but when I inquired after this party, whom it had occurred to me it might be amusing to meet, I learned that they had gone further on in quest of game to shoot. U Laik inquired what was my 'program' and I in turn inquired what Hsipaw had to offer. There was really only the pagoda, he said. In that case, I said, I would walk round and have a look at it, and then, if he could let me have transport, push on to Lashio. But apparently the small white pagoda near at hand was unimportant; the important pagoda was some way out—but he would take me in his car. But was I determined to leave for Lashio when I had seen it? I thanked him for his offered hospitality but said that there seemed no point in delaying my arrival in Lashio once I had seen the pagoda—"if there is nothing else here," I added. He replied that no, there was nothing else here.

"You can get me transport to go on to Lashio today?"

"I shall have to get in touch with the superintendent of police. You will need an escort. Unfortunately I cannot spare you my car—you will have to travel with the police."

"So long as I get there," I said.

So often travel seems a series of struggles to get to places only to start a fresh series of struggles to get out of them again—at least on journeys of this kind. . . .

A peon was sent off to the police barracks, and in the meantime U Laik obligingly drove me out to the pagoda.

It was pleasant to travel in a car again after so many jeeps, and the pagoda had the virtue of being different from the usual *stupa*, being built under a high dome supported by white pillars.

The general effect is more that of an ancient Greek temple than of a pagoda. As at the Arakan Pagoda women are not allowed to approach close to the golden pagoda under the dome because of sacred relics buried there.

There is a *pongyi-kyau* close by. In Hsipaw, with four thousand inhabitants, there are no less than thirteen *pongyi-kyaus*.

When we got back to the Residence the armed escort had arrived in a jeep, and U Ba Tu's jeep set out on the long run back to Maymyo.

The last lap of the journey, in the dust of the Lashio road, seemed interminable. The trees of the endless forests at each side of the road were white with dust. We halted at Kyaume for a courtesy call on the Assistant Resident.

We found him in a pleasant English-style house on a hill overlooking the town, a huddle of roofs in a shallow valley. On the hilltop at the other side there was the usual white pagoda. The Assistant Resident's house was covered with a kind of orange-coloured fleshy honeysuckle of great beauty. We found him at home and he seemed very pleased to receive a visitor. Sitting chatting in the comfortable lounge I had a weak feeling of longing to finish the journey in that honeysuckled house with the quiet, pleasant Assistant Resident—but Kyaume was not on the agenda, and Lashio was.

So we went on again, and it was dust, dust, all the way, for an hour or two yet. Sometimes the trees and bushes were completely white with it, sometimes red with it, but always covered with it. For a long time the landscape was merely monotonously forest, then at last it opened out and there was a vista of blue wooded hills in the near distance and the first glimpse of Lashio in a wonderful setting of range upon range of hills, reaching away eastward into China.

We drove up to the Residence, on rising ground and looking along a valley of great beauty, and I stepped out of the jeep hot, dusty and exhausted, to find the Commissioner sitting on the terrace with various people gathered about him. He wore European clothes and a straw hat. We shook hands, I presented my credentials, and was told "go and take your tea now." His wife and nephew sat with me whilst I took tea, in a lounge

furnished in good European style. When I returned to the terrace he had gone, and I never saw him again. A young man in European clothes introduced himself to me as the Commissioner's 'personal assistant', and asked me what was my 'program'. . . .

I replied with a wan smile that I had no program; that I had been hoping the Commissioner would suggest one, and that to this end the Attorney General had wired him to render me 'every possible assistance'. I was in this country, I said, to get background for a novel I had long had in mind, also to get material for a book which would present Burma in independence interestingly and sympathetically to the West. I did not know what Lashio had to offer; the scenery, I said, was incredibly beautiful, but it took more than scenery to make a book. It would interest me, for example, to see something of the Shan villages. I was very tired; it was evening, and I had left Maymyo at seven that morning. There was something vaguely unhelpful in the young man's manner which in my tired state I found dispiriting.

"You could visit the hot springs," he finally said, and his tone suggested that that was about all that I could do. He added that he could supply a jeep for that purpose in the morning. He asked where was I staying. I told him with a lady I understood to be interested in a child clinic. He looked surprise, then said oh well, yes, a lot of the women took an interest in the child welfare scheme. I showed him the address and he said that he would take me there. On the way he told me that my hostess was a widow and had several unmarried daughters living with her; she did not speak English, but her daughters spoke a little. I felt just one degree more dispirited.

The house in which I was to stay was half way down a road which descended into the town. Lashio, I observed, with some surprise, was not dominated by a pagoda but by a mosque—a large white mosque with twin minarets thrusting up from the very middle of the town.

The house to which I was taken was, like all the houses, of wood with a long roof projecting over the verandah extending all round the house. There was a great commotion of pigeons under the eaves. A Chinese family lived on the ground floor, the family whose guest I was on the floor above, reached up

a flight of wooden steps up to the verandah. There was an iron-barred gate at the top of the steps. There were a great many children about and a good deal of noise—of children, dogs, radios, geese; of traffic up and down the hill, mostly, it seemed, lorries.

With the young man I entered a wooden-walled L-shaped room off the verandah, and my hostess, an elderly woman, received me gravely, and her four daughters, their ages between seventeen and twenty-two or so, smiled brightly, but they had very little English, and they understood even less. The prettiest and most smiling was called Rosie; she was also the one who had most English. There were two little boys who came and peeped and smiled and darted away—nephews, I gathered later. The young man chatted for a while with my hostess, who looked from him to me, gravely studying me, and the girls smiled, and the noises from the street throbbed on the warm air and in my aching head. I was suddenly overwhelmingly in the grip of the feeling which probably every traveller experiences at some point on a major journey—the feeling of not being able to cope, yet having to cope. On the Indian journey it hit me in Bangalore, when I lay on my bed and said aloud, “I want to go home.” On the Burmese journey it came upon me in Lashio. But Lashio, like Bangalore, was only half-way—the point at which it seems to happen. It is simply that half-way is as far as one can go before tiredness, mental and physical, asserts itself. A good night’s sleep would restore the nervous energy and the moral courage, but on this kind of journey that is a boon but seldom granted—if at all. No traveller ever packs up and goes home half-way—at least I never heard of it; the attack runs its course, the traveller recovers, and upon a kind of second-wind continues to the journey’s end.

The young man finished his conversation with my hostess and took his leave. He has assured me that as soon as he had gone the girls would all start speaking English, but this I had doubted, and I was proved right. As nothing else seemed indicated I suggested to Rosie that we went for a walk. Apart from a need to stretch my legs after being for so many hours in jeeps I felt that less conversational strain would be imposed. I would be relieved of the strain of making myself understood, they of understanding. Another of the girls joined us and we

set out in the direction of the town—which I had said I would like to see.

But we did not go into the town, but branched off instead across some wasteland and came out eventually into what in England would be described in a house-agent's list as a select residential area. Here one-storey houses stood in small gardens. I was evidently being shown the refined aspects of Lashio. But if it was not what I wanted to see at least it had the virtue of being quiet. Various people greeted the girls as we walked. There were a number of Chinese, the women in their long straight slit skirts.

When we got back, without having seen the town except at a distance, I found a place laid with cutlery at the end of the table. Soon my hostess brought food in and set a plate before me and indicated that I should eat.

I turned from her to Rosie.

"Am I to eat alone?" I asked.

"We have eaten," said Rosie. She went out with her mother and I helped myself to rice and curry, but I had no appetite. They intended, I realised, to 'show respect', but being respected can leave one very lonely.

With nothing to read and no one to talk to I looked round the room. There were numerous family photographs on the walls, and the usual quota of calendars. There was a Buddha shrine in one corner, with asters set in vases before it, and glasses of water. Rooms opened out of this room on three sides, and at the top of each room was a trellis, so that it would be impossible to go into any room and shut out the sounds from the rest. A wooden screen in the middle of the room shut off the kitchen quarters opening out behind. There was a vase of roses in the middle of the long table, and an oil lamp. All the windows had iron bars across—this is general in Burma, but sometimes, in some curious way, they seem more in evidence. In Lashio I was intensely aware of them.

For some time after the meal I sat alone. Presently one of the girls came in and sat at the table doing, I gathered, some kind of studying. Later the mother came in and sat beside me on the settee and read a newspaper—as it was not in English I could not amuse myself reading the headlines. I occupied myself writing a few notes. When Rosie came in I said I thought I would go to bed, as I was tired, but first I must go to the

latrine. She fetched a torch and we set out—along the verandah, down the steps, round the corner, along the side of the house, and across the garden, to the usual little hut under a plantain, with the usual deep-down hole. Dogs barked as we retraced our steps. Clearly any desire to get up in the night would have to be repressed, I reflected, not only on account of the long walk and the dogs but because the gate at the top of the stairs was locked. And if there is one thing more than another calculated to induce a desire to get up in the night it is the knowledge that it is impractical. . . .

I had a room to myself. It contained a bed, a small table supporting a radio set, a chair, the usual wire line for clothes, and along the ledges of the wooden walls a collection of empty cigarette and laxative tins, Dettol bottles, orange juice bottles, cardboard boxes, and cartridge cases. Clearly the owner of the room was averse to throwing anything away. There were a number of holes in the wooden walls, both on to the street and into the living-room. They were curious holes, because the wood thinned away to the edge at one side. There was one beside my pillow. In the morning I was suddenly aware of an eye pressed to it on the other side. "Hullo!" I said, and there was a burst of childish laughter and a scamper of bare feet.

The day stirred to activity with a cooity-cooing of the pigeons under the caves, the wailing of a child, the yelping of dogs, the shrill babble of women's voices. I put on a dressing-gown and taking a towel went in search of water, but, as one of the girls indicated, it was all ready for me—on the verandah; an enamel bowl full of water and a piece of soap had been placed on a chair, and there was a bucket of water beside it—the latter presumably for my feet. I would have preferred not to have made my toilet on the verandah in full view of the street and the houses opposite and at each side, but there was no help for it.

A Chinese girl on the verandah of the next house stood and stared, fixedly. No one else was washing on any verandah, though a Chinese girl in a straight blue dress slit at the sides was cleaning her teeth, mug in one hand, on the doorstep opposite. Presently she went into the house and came out again carrying a chamber-pot, which she took up the garden. In a window of a house across the road another Chinese girl was

applying oil from a bottle to her long black hair. In the garden girls were filling buckets with charcoal from a large corrugated iron bin lying on its side. A girl and a child squatted on a stone slab beside corrugated iron water bins and washed from a kerosene tin.

There were cement gutters across the garden to carry away the waste water—presumably to a soak-away somewhere. There was a sweeping of rooms and verandahs with feather mops. Women went down the road with towels round their shoulders and baskets on their arms to the market—there were many Chinese women, in their slit black three-quarter length tunics. There are, in fact, more Chinese, Indians and Burmans in Lashio than Shans.

When I came in from the verandah Rosie was placing fresh flowers and fresh glasses of water in front of the Buddha shrine. She turned, smiling, as I entered. "Please take your tea," she said, and indicated the table, where a place had been laid and coffee and buttered toast with sugar on it awaited me. Rosie finished at the shrine and went out. I drank a cup of coffee and ate a piece of the toast then finding myself still alone returned to the verandah.

There was a chanting from a nearby *pong-yi-kyang*. A very young baby in the Chinese house opposite wailed endlessly. In front of the house opposite a little Chinese girl wearing blue trousers moved about with a baby tied to her back. Firewood was piled up on the balconies and verandahs and at the gables of the houses. Some of the smaller houses were of bamboo and enclosed behind split bamboo palings. The pavementless road was clear of garbage and a corrugated iron dustbin stood outside each house.

Bamboo and corrugated iron—what would the East do without it? The whole of Lashio seems to be constructed of these two things. From that verandah the town appeared as a sloping huddle of rusty corrugated iron roofs almost touching—many of them do in fact touch. A mist rose from the valley that held the town, and it was cold to the bare feet on the wooden floors. The minarets of the mosque were an unlit white against hills still dark. So beautiful is the setting of Lashio, range upon range of wooded hills, but the town itself is ramshackle and decaying, where it is not new and jerrybuilt and garish.







In ancient Pagan

## THE NORTHERN SHANS

The Lashio-Namkam bus suddenly emerged from a side turning. Upon a strip of board below its roof it announced itself as 'The Daily Mail Lashio-Namkam Service'. Its roof was stacked with bales and bundles. Its glassless windows were packed with brown and yellow faces. There was a white bird's wing on its bonnet.

Soon after eight the jeep arrived to take us to the hot springs. But it was another half hour before we left; there was so much food to be packed into a large tiered aluminium tiffin-carrier—rice, curry, fried eggs, vegetables, all manner of things. There was also a basket containing Chinese bowls, chop-sticks, cups, and a huge thermos flask of coffee in a wicker case. I could not imagine how we could all pile into the jeep with these things. But two of the girls sat in front with the driver and myself, one girl on the lap of the other, and the other two sat behind with the mother, and somehow the two children were tucked in behind the three adults at the back, and the tiffin-carrier and basket were somehow wedged in as well.

About two miles out from Lashio there is the dusty straggle of houses of Old Lashio. Soon after begins a wildly beautiful landscape of wooded hills with sharp-peaked mountains thrusting up behind. The mauve jungle clematis trailed its grape-bloom over everything, and there were numerous blossom trees like puffs of smoke against the dark background of the tree-covered hills. The people along the road, both men and women, wore the high-pointed Shan hats. The men were often stripped to the waist, revealing bodies covered with tattooing, back and chest, arms and legs. Some of them were so heavily tattooed that they looked more like blue men than brown or yellow men. The Shans tattoo more heavily than the Burmans.

Various reasons are given for the tattooing. Certain forms of tattooing are considered protection against wounds and snake-bite and evil spells—have, in fact magical properties. But also a generation ago, though it is said to be dying out now, a man was not considered manly unless he had some tattooing on his body, for tattooing is a painful process, and not to be tattooed was regarded as an unmanly shrinking from pain. The hot springs are twenty-four miles out from Lashio.

They have been organized into a small waterfall and a square pool which flows away into a narrow stream through the jungle. We found a large Chinese party camping under improvised tents and having an enormous wash-day in the hot pool. Steam rose in a bathroom-like cloud from the upper pool cascading down over the artificially contrived stone terraces. The little boys of our party immediately stripped off their clothes and went naked into the water. They were soon followed by their aunt, who had shuffled out of her *longyi* and into another which she tucked up under her arm-pits and in which she entered the shallow pool. When she had sufficiently immersed herself, squatting in the water and making swimming strokes with her arms, she called the boys to her and soaped them thoroughly.

An old Chinese woman with a wrinkled map of a face, and feet so tiny she seemed hardly able to totter on them, came down to the pool with a basket of washing. She wore a long dark shapeless tunic, and her legs appeared to be wrapped in thick grey woollen puttees. Her flimsy shoes were fastened by a criss-crossing strapping over the leg wrappings. After a time the girls and the driver of our party all shuffled into different *longyis* and went into the water. The girls sat up under the cascade, soaping themselves and enjoying themselves hugely. I found myself wondering what they would have thought had I suddenly produced a European swim suit and joined them, their own bathing being conducted with such excessive modesty. Instead I took a picture of them at their ablutions, then wandered off into the jungle, interested in the way the ferns flourished in the steam beside the hot stream, and finding sweet-scented jungle jasmine, and fighting the feeling of loneliness.

Presently everyone came out of the water, shuffled out of their wet *longyis* under cover of dry ones on top, then the driver brought a rug and spread it in the shade of a tree and we picnicked. It was their breakfast and each consumed large helpings of rice and curry and fried eggs—I had not till then seen fried eggs eaten with chopsticks. It struck me as an astonishing feat, and one I could never master. I was offered cutlery, but had no appetite for anything but a banana or two. All else apart, for me it was both too early in the day and too hot for rice and curry.

When we moved on we left a scattered litter of greasy paper, banana skins, tins, lids of tins, added to the evidence of other picnickers beside the pool. Fortunately as the people smoke cheroots there no cigarette packets, nor, as we were not in the ice cream belt, ice-cream cartons. But tins are perhaps the ugliest litter of all, and so very indestructible.

We continued on through paddy country to the dusty little town of North Hsenwi, in Hsenwi State, six miles further on. Inevitably we visited the pagoda. It turned out to be a quite different kind of pagoda, looking from outside more like a Swiss chalet. There is a flight of wooden steps up to a shrine-room—we left our shoes at the bottom of the steps. We all knelt down and everyone made their obeisances to the Buddha image. I did not make any obeisances but I tucked the sweetpeas I have been given at the school we had visited on the way into a vase in front of the shrine, because it seemed a pity to let them die in the heat.

Then we set off to see the new pagoda being built some distance away. We walked along a road of deep dust, with paddy fields at one side, and came to a *pongyi-kyau*. Close to it men were working with picks and shovels and there was all the paraphernalia of building. Suddenly as we picked our way across planks I saw that the men working on the building had heavy chains round their legs, fastened to a belt round their waists.

Startled, I asked the schoolmaster, "Why are these men shackled?"

"They are prisoners," he said. "They have been in trouble in their villages in the hills and sent down here to the prison for punishment." He added, "They get paid."

"What are their crimes?" I asked.

"Theft is the most common."

"Do they get long sentences?"

"No. Three or four years only."

"It seems a long time for thieving," I observed.

"Not long," he said.

At various points, guards sat in shelters nursing their guns and yawning in the mid-day heat. The prisoners toiling in the sun all seemed young—fine-looking young men some of

## LAND OF THE CRESTED LION

them. Somewhere up in the blue hills in the near distance were their cool villages. It all seemed a very great pity.

We walked back along the road and into the broad dusty main street of the town and stopped at an Indian trader's café for cold drinks. I have forgotten now what part of India he came from, although he told me, and he spoke remarkably good English. He liked to know that I had travelled extensively in India and that I came from London. It was a fine thing, he said, to be able to travel the world; here—looking out into the dusty street—it was only possible to dream.

"Shall you go back to India one day?"

"Who knows? It takes a great deal of money."

He would not take any money for the drinks, or for some sweets we had. No, no, it had been a pleasure, an honour. He would not hear of it. There was suddenly no more to say. A sudden desolation swept me, because he had been kind and no return could be made, and there was only one word left to say, and that one sterile.

"Then it's goodbye," I said, my heart quite unreasonably heavy.

"I think it is goodbye," he said, "since we have no chance of meeting again."

Somehow, that, too, seemed a pity.

We returned by a different road and came to the pagoda two miles out of Lashio. It has blue crocodiles at each side of the steps up to it, their heads resting on the platform, pink-jaws open, their tails trailing down to the bottom of the steps. The pagoda is golden, surrounded by little white pagodas; their spires are of gold and hung with bells that tinkle in the wind. At the base of each of these little pagodas there is the name of the donor. The view from the platform across open country to the distant hills is very beautiful, but it is with Lashio as with Maymyo, the scenery is all in the distance.

We were back among the noise and squalor of Lashio by three o'clock, and it occurred to me that if I could get transport I could reach Kyaume that evening. I asked Rosie to tell the driver first to take them all home and then to take me to the Residence. She reported back, "He will take you to the office. At this time there is no one at the Residence."

At the office, on the first floor of a wooden house, I was shown into the Assistant's office.

"Did you enjoy the hot springs?" he inquired.

"Thank you, yes, but now I would like to leave for Kyaume, since there seems nothing further to see in Lashio."

"You wish to go to Kyaume?"

"If the Sub-Divisional Officer can put me up. I would be glad if you would telephone him for me."

"There is no telephone at his house."

"Isn't there one at his office, then?"

"It is not necessary to 'phone him."

"It would be better."

"It is difficult."

I suppose I should have persisted, but it seemed to me evident that there was to be no telephoning, so I switched to transport.

"Can I have a jeep this afternoon?"

"When do you wish to go?"

"As soon as I can have a jeep. In an hour, half an hour, at once."

"It would be better in the morning. Now it is difficult."

"Very well, then. In the morning. Tonight I should like to go to the *pwé*, if you can send a jeep."

"I will tell the driver to come at seven o'clock."

"Thank you, and what time in the morning?"

"At seven o'clock."

"I am much obliged to you."

"Don't mention it."

Before returning to the house on the hill I had a look at the town. The mosque at close quarters proved to be new and garish. Behind and above it there is the market place, and above that, as the road winds round, the squalor of the back streets, with cows nosing among the garbage, and the usual miserable pariah dogs. The houses here are of a shanty-town wretchedness. In the main street down below all is loud, lively, crude, with radios loud-speaked from open-fronted shops, clanging bicycle bells, rattling lorries. There are Chinese shops and Indian shops, and everything looking as though it had been thrown up hurriedly for a film set. Lashio got the first

Japanese bombs in 1942, and as with Mandalay such buildings as there are are post-war and have a jerry-built look. For the rest Lashio is a conglomeration of flimsy wooden houses with corrugated iron roofs, huddled in a setting of great beauty.

There was no police escort back to Kyaume. The driver and I set off on our own at seven in the morning. This enabled him to pay various calls at houses on the way down: I began to have misgivings. In Hsipaw there was a long halt at his brother's house; the driver had no English but the brother had a little; he came out to the jeep and invited me in, 'to take coffee'. We sat at the back of a large open-fronted café, beside a low platform bed where the brother's wife and two obstreperous young children were encamped. There was a good deal of conversation in Burmese, and then the wife suddenly addressed me in English.

"You like to see Môgok ring?"

I said, startled, "No, I don't think so—not particularly."

The brother then spoke in English.

"Môgok rubies very famous. When the American soldiers are here all the time they say Môgok ring, must have Môgok ring." He took off his ring and handed it to me. It did not seem to me to be of any great beauty and I handed it back.

The wife said, "You do not like to see Môgok ring? Americans like very much."

I got up. "I am not interested in jewellery," I said, "and I am not American." I turned to the driver and jerked my head in the direction of the road. "Come!" I said.

He was just lighting his third cheroot since we arrived, but he sprang up instantly. He looked startled, even guilty, pulling on his old felt hat as though he had not a minute to lose.

We reached Kyaume without any further delays and drove up to the honeysuckle-clad house. A young girl came out as the jeep drew up and the driver spoke to her, whereupon she addressed me in English.

"The Assistant-Resident is in Lashio," she said.

My heart sank.

"Will he be back today?"

"I do not know. Will you come in, please? I will find out."

I followed her into the lounge. She indicated a wicker arm-chair and a table spread with magazines.

"Auntie—please sit down."

I thanked her, but when she had gone I went outside to the verandah, trying to think what to do. If the Assistant-Resident was not coming back that day I could either go back to Hsipaw and ask U Laik to put me up, which I felt sure he would, or push on to Maymyo. I felt disinclined to go back even part of the way.

When the girl returned she said no, her father would not be home till tomorrow. I asked her if she would tell the driver in that case to take me on to Maymyo. The driver replied to this request that he had no authority to take me beyond Kyaume. I said that I would telephone the Commissioner's office at Lashio, and we descended the slope of the garden to a hut where there was a counter, a telephone, a chair. The girl explained to the clerk that I wished to telephone the Commissioner's office at Lashio for permission to take the jeep on to Maymyo. I thanked her and she left. The clerk put through the call. There then ensued a long wait. When at last the call came through he answered it, spoke a few sentences in Burmese, then hung up.

"You must get a taxi in the town," he announced.

I was suddenly very angry.

"Look," I said, "I have no intention of getting a taxi. Get me the call again and I wish to speak to the Commissioner's office myself. I wish to speak to the Commissioner's personal assistant," I added, severely.

The clerk looked at me.

"Please?" he said.

"Do you speak English or don't you?" I demanded.

"No. Not much English. I fetch the chief clerk."

He went out and I paced up and down the empty office for what seemed a very long time. Finally when still no one came I went out to try and find someone. After a little longer a young man came towards the hut. He smiled pleasantly.

"I am the chief clerk. Can I help you?"

"I want to telephone to the Commissioner's assistant at Lashio," I said.

"With pleasure. Please sit down."



I sat and he put the call through. Then he went away. Nothing happened. Eventually I went outside again and presently I saw the other clerk advancing.

"Where is the chief clerk?" I demanded.

"He has gone for his breakfast."

I went back to the office with him. Now, I thought, we will start from scratch. Holding myself in at all points I said, speaking very slowly and clearly, "*Will you please get me the Commissioner's office at Lashio?*" Then I stood by him to snatch the receiver from him the moment the call came through.

It did come through eventually. I took the receiver and asked for the Commissioner's assistant.

"The Assistant Resident is not here," I told him, "and I am stuck for transport. The Attorney General in Rangoon wired the Commissioner to render me all possible assistance and I am asking to be allowed to go on to Maymyo in the jeep that brought me here. Can you hear me?"

"Yes. I understand. But I cannot spare the jeep. I need it this afternoon."

"You have a whole fleet of jeeps!"

"This is a private one. It must return. I am sorry. You must get transport in the town."

My patience was suffering the fate of the late Herr Hitler's.

"I am in this country as the guest of a government organization," I said, "and it's not my business to go wandering around in taxis!"

"I am sorry I cannot help you."

"Then what do you suggest I should do?" I demanded, bitterly.

"Perhaps the Township Officer would help you. You can tell the driver to take you there."

"Incidentally," I said, "you didn't send him last night to take me to the *pwè*."

"I told him to come," was all he said. I hung up.

I turned to the clerk.

"Please tell the driver the Commissioner's assistant says he is to take me to the Township Officer, then return to Lashio."

"You wish to go to the Township Officer?"

"I wish to go to the Township Officer. Please tell the driver."

We went back up the slope and found the driver and he

was given the good news. Back in the jeep I wondered what I would do if the Township Officer should also prove to be in Lashio.

Fortunately he was at home. He was at home and he spoke excellent English and was cordiality itself. He would get in touch with the police and arrange for me to go to Maymyo. I would need an escort. Unfortunately his own car was being repaired and he did not think it would be ready in time, but he would arrange with the police. But I must excuse him asking me, please, but had I had my breakfast? I replied that I had had *chota-hazri* at six-thirty. Then I must eat. He would arrange this. I asked if in the meantime I might wash, for I felt the dust of the Lashio road thick upon me. He called his wife, who organized the bringing of water to the verandah. I was given a meal of egg-and-bacon and tea, and when it was over the superintendent of police had arrived, and others of the police, and two jeeps, one containing the armed escort. I told the Township Officer that I could not thank him sufficiently, but he waved all thanks away.

At one point along the road we stopped at a police barracks and picked up another young man with a gun. There was a point along the road considered a 'danger spot', I gathered. Two roads forked at an island, and there had been trouble there recently. As we approached it the driver of the escorting jeep accelerated and we hurtled through. Various lorries passed on the way up to Lashio, drowning us in dust, and hooded bullock carts moved through their own dust in the tracks at the sides of the road. In the late afternoon we came to Maymyo and the tall eucalyptus trees.

And there was U Ba Tu and his wife, and Margaret and Marie and Rosalene and Dolly, and little Wendy and Pearl, smiling and welcoming.

"You said I could come back," I said.

"It is very nice for us," they said.

"It is lovely for me," I assured them. "It's like coming home," I added, because that was how it felt.

*THE SAVAGE AND ENCHANTED: MINGUN*

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I GOT back to Maymyo on a Friday and had a weak longing to stay there in the coolness until the Monday, but when I telephoned U Ba Maung in Mandalay he said he had a river trip to Mingun arranged for Sunday morning, starting at seven o'clock, so that I must be back in Mandalay the next day. He would send a car for me in the afternoon.

It was a bad moment when I got into the car and looked my last at the Ba Tu family assembled in the compound to say good-bye. All over again that feeling—"Shall we ever meet again?" The continual severing of brief attachments is all part of travel anywhere, but when the attachments are between East and West the chances of meeting again are so remote that the farewells are often more than vague regrets; it can be as though one left a part of oneself behind with each parting. But there was nothing for it. The car turned out of the compound and into the eucalyptus avenue; there was the final glimpse, the final wave, then we were running out of the town, once again on the long dusty Mandalay-Lashio Road.

And once again the incredible beauty of the hill scenery between Maymyo and Mandalay, the earth quilted with wooded hills, range upon range, in all directions, above the wide deep valleys. And everywhere at the sides of the road blue flowers like drifts of bluebells, only they flourished in sun and shade alike. At various points soldiers were stationed on crags above the road, solitary sentinel figures with rifles standing protected from the sun under a bamboo thatch, guarding the route.

The road zigzags down the three thousand two hundred feet to the burning plain. Then we are again among the paddy fields, with the small white storks, the 'paddy birds', perched

on the ridges, and the flame-of-the-forest trees shedding the last of their scarlet lilies into the deep dust of the road. We stop at one point and buy baskets of strawberries from Ghurkas at the sides of the road, at half a *kyat* a basket. Later we stop again and buy bundles of asters, roots and all; they, too, are very cheap. They are wrapped up for us in big cool plantain leaves.

Then at last the forty-five miles is completed, and we are back in Mandalay and running along beside the moat, the old red walls aglow with the sunset. It comes to me that this surely is one of the most beautiful sights in the world, comparable to the Shwe Dagon and the Taj Mahal—the walls of Mandalay as the sun goes down.

In the cool of morning we left for the government launch tied up in the river below the steep bank of loose dust which constitutes the quay side. U Ba Maung had put on European clothes and shoes. Descending that unpleasant embankment in my Burmese slippers I realized that he had reason. To reach the launch it was necessary to cross a plank projecting from the side of the embankment on to the iron-topped hold of a barge. It was a narrow plank at a height of about twelve feet, and I did not much care for it, but as U Ba Maung, who is big and heavy and elderly, marched on to it without fuss I could hardly do otherwise myself.

Our host for the occasion was a well-to-do rice miller. I was never clear who was who in the party, but there were young girls with their faces covered with *thanaka*, and flowers in their hair, and there was a young Burmese boy wearing an American shirt depicting bathing beauties, racing cars, the Manhattan skyline, news-print. Such shirts, it seems, were popular with the American air-force, and now, alas, are popular with young Burmans. The adult male members of the party were more soberly gay in green and grey silk *longyis*. It was a very animated party; everyone seemed to talk at once, but the men's voices were the merest accompaniment to the shrill starling-chatter of the women. The launch consisted of a lower deck, with a galley, where our host's servants busied themselves preparing a meal, and an upper deck with a very narrow deck space surrounding a fair-sized cabin, furnished with a table and chairs, and leather couches at each side under the windows.

At ten o'clock the landscape was hazy with heat, and the wide river the colour of mist. There were a number of sunken ships, some heeled over on to their sides, others with their masts and funnels thrusting up, souvenirs of the British retreat in 1942. There were occasional junks with curved brown sails, and drifting bamboo rafts with their little huts in the middle. The landscape was flat and dull, first with paddy fields, and then with semi-desert down to the river in long desolate stretches of pale sand. Near Mingun hills began to loom up, dotted with the white cones of pagodas, and the land above the low cliffs of the river was green and cultivated, with sweet-corn and ground-nuts. At one point along a tow-path women were hauling boats heavily laden on the river below.

The launch moored off an embankment covered with ground-nut plants and opposite a shuttered wooden *pongyi-kyang* shady among palms and plantains, with tall, thickly blossomed mango trees crowding close. There was a great twittering of birds. Through the trees beyond the monastery could be glimpsed the enormous haunches of the colossal lions guarding the unfinished pagoda, which, though less than a third complete when King Bodawpaya who initiated its building abandoned the work on it, is reputedly the largest mass of brickwork in the world. It was begun in 1790 and the building continued for nearly thirteen years. By that time the two colossal lions had been finished, five walled terraces, and the square base of the pagoda. The lions were ninety feet high, with claws of white marble three and a half feet long; the eye-balls were also of white marble and were three and a half feet in diameter. The outside wall of the pagoda was six hundred and seventy-seven feet square, and the base of the pagoda two hundred and fifty-six feet square. In 1838 an earthquake wrecked the lions and split the unfinished building in several places.

But, unfinished and falling into ruins though it is, this Mingun Pagoda is an astonishing sight, its colossal square bulk protecting across a wasteland of dust, where cattle wander among route. In bushes, to a belt of trees from which emerge the great

The <sup>re</sup> which are the haunches of the lions—all that is left feet to the Hammoth figures. A track crosses this savage and fields, with place and along it covered bullock waggons pass

from time to time in a cloud of dust. The ruined building contains a shrine, reached by steep flights of broken steps. Vultures keep watch in this strange wild place, perched in the flame trees, their blackness almost brilliant against the scarlet flowers. These flowers are sometimes dried and used in soup.

A short walk through the dusty wilderness stands another strange pagoda, all white, with tiers of crenellated terraces intended to represent the fabulous Myin-Mo mountain of Buddhist mythology. The successive tiers are fitted with niches which originally contained marble images of members of the celestial hierarchy. Very steep steps lead up over the tiers to the gleaming white pagoda itself. At the bottom of this Jacob's Ladder of a staircase two grotesque stone figures squat under a tree; they are the guardian spirits of the trees—"like your nymphs," explained a Burmese young lady with a gaily painted sunshade.

Close by is the great bell for which Mingun is famous. It was cast in 1795 and is reputedly the biggest intact bell in the world. It is twelve feet high and its traditional weight is ninety tons. It is housed under a decaying and gabled roof. There are notices in English and Burmese forbidding 'scribbling', but there is scribbling everywhere, all over the walls of the shelter and even scratched on the bell itself. Various traders have used both bell and walls to advertise their businesses—So-and-so 'the Bengal Tailor', and so on. A visitor to Mingun must obviously see the famous bell, but except that it is reputedly bigger and heavier than any other there is nothing of any great interest attaching to it. It does not stir the imagination like the great brooding mass of brickwork of the unfinished pagoda falling into ruins in its wilderness of thorns.

A little distance away the wooden houses of a home for old people flank a square shady with tall trees. There is a Buddha shrine here with two marble images, gold decorated and with elaborate gold head-dresses in the Siamese manner. In the centre of the square there is an open-sided shelter with a wooden dais where pilgrims to Mingun spread their mats and picnic. On this occasion there was a party of women and children. Prowling hungrily around were the most gaunt pariah dogs I had yet seen, and they were all bitches. If there were any males among them I can only say I did not see them,

and looking at the wretched creatures it came to me that I had heard or read somewhere that in the interests of stopping the breeding of these pi-dogs there had been attempts in some places to segregate the sexes.

Back on the launch an excellent breakfast of rice and various curries awaited us. No one watched us go from this strange place with its foreground monastic peacefulness screening the wild tragic desolation behind. The world holds but a few of these savage and enchanted places. There is Samarkand, centuries older, and Fez which is older still. There is also Pagan, which can compete with both, and which is all that Mingun is a thousand times more.

(XII)

*IRRAWADDY STEAMER TO NYAUNGU*

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IT SEEMED that as an unaccompanied female a Government launch could not be placed at my disposal for the journey by river to Nyaungu, the anchorage for Pagan; I must go by public steamer. I had no objection whatsoever to going by public steamer—indeed it occurred to me that it might be more interesting—but there ought, I felt, to be a more valid reason than the one given for a Government launch not being available. But in this matter of travelling by public steamer, I discovered, it is important to choose the day, and but for a conversation at dinner at the British Consulate in Maymyo I would have found myself in what was vividly described to me as a ‘hell ship’, with only one cabin, and only one latrine, and that deep down in the hold. The Burman who told me this had cancelled his own passage in this steamer, and I took steps to get my own cancelled. It was agreed, when I raised the point, that some of the steamers were ‘not very good’, but I was assured that the one to which I had transferred was all right; there were several cabins, and I could be sure of one, and, yes, I could have it to myself. But I must go on board overnight, as the steamer sailed ‘very early’ in the morning.

In spite of the assurance my heart sank a little when U Ba Maung put on European clothes once more and announced, when the old wall was aglow with sunset, that it was time to go. I had no very clear idea what was to happen when I reached Nyaungu the day after tomorrow. It was vaguely understood that the Sub-Divisional Officer had been, or would be, informed. I was also apprehensive concerning the promised cabin; it would be hot, I thought, and there would be cockroaches—though as to this last, I told myself, morosely, those



who shrink from cockroaches had better not travel in the East, and though the cockroaches in Burma seemed bigger than those in India—some as big as young mice—there were not nearly so many of them. Nor were they as horrible as spiders, against which I had been warned, but of which, so far, I had seen only one—though to be sure it had been the biggest in the world. It was at Maymyo; it was such a monster that despite my horror of these creatures I was fascinated by it and called my host's attention to it. "Did you ever see such an enormous one?" I demanded, gazing in a kind of hypnosis of horror-fascination. U Ba Tu looked up from his newspaper and glanced in the indicated direction. "They are harmless creatures," was all he said, and went on reading.

At the quay it was difficult to make out the steamer or anything else through the great fog of dust churned up by bullock-carts, gharries, cattle, goats, people. U Ba Maung closed the car windows and we gazed out fearfully. The road ran under palm and other trees along the steep cliff of loose dust above the river. When we finally stepped out the commotion was like that on an Indian railway station—a babble of shrill voices and people moving excitedly in all directions, only with this difference, that here most of them held handkerchiefs to their mouths against the incredible dust. I had no idea what happened to my baggage. I merely stumbled blindly along, in the wake of U Ba Maung's portly figure, the hot sand burning my feet exposed in their Burmese slippers. I had tried before starting out—remembering this cliff of dust from the Mingun trip—to put on European shoes, but my feet were so swollen with the heat that I could not squeeze them even into sandals. I had the feeling that I would never be able to wear European footwear of any kind ever again.

When we reached the gang-plank the ship was revealed as a paddle-steamer with a long awning-covered upper deck, and a row of cabins forward. The deck was packed with people encamped on carpets and bamboo mats, with their bedding rolls, bundles, hampers, tiffin-carriers, silver and brass bowls, kettles. Except for the *pongyis* I was reminded of the time when I had travelled 'deck' myself, fourth-class on the steamer crossing the Caspian Sea from Baku to Krasnovodsk in forbidden Turkestan. But that ship at least had not been a floating

furnace, as this was. The deck of this Irrawaddy steamer was immediately over the furnace room, which was visible through the open door as one ascended the stairs. Quite simply I do not know how the passengers sitting and lying on that deck for days and nights on end survived the terrific heat from below in addition to the heat of the days and nights themselves. It was hot on the first-class deck beyond, but at least it was only the heat of the day itself, no different from the heat ashore, and when the ship got moving it might conceivably be cooler.

There were only four cabins, two at each side, and a very narrow and short strip of deck, its length curtailed by the combined dining-room and lounge in the blunt bows. I found that I had been allotted a sizable cabin with two beds, next door to that of the only other first-class passenger, a government minister. The cabin was extremely hot, but there were not, as far as I could see, any cockroaches. There was anyhow a mosquito net to tuck in. There were no curtains at the windows. I noticed that the minister had already rigged up towels at his windows.

We went into the dining-room and sat down at one of the two tables laid for four and called for cold drinks. There was a strip of rush matting down the centre of the room, and a number of wooden easy chairs. The windows all round and at the end of the room gave the impression of an observation car. The sky was crimson with sundown and the palms were black against it. The shrill babble of voices carried from the quayside. The light would be fading now on the old wall. It was good-bye to Mandalay. I was suddenly sad. U Ba Maung and I chatted in a desultory fashion, as people do whilst waiting for a train to go. Then to my surprise and pleasure Dr. Soni arrived.

"I had your letter," he said, "and I could not leave it unanswered."

"It was good of you to come," I said. He was, I knew, very busy, in various directions.

He smiled his singularly sweet smile.

"I wanted to."

The good U Ba Maung took his leave and Dr. Soni and I continued the discussion which had engaged us after the other members of the group had left on Sunday. We talked for two

hours or so. There were still for me, at that stage, so many points of Buddhist philosophy and teaching in need of clarifying. The discussion might have lasted even longer but that the pleasant young man in whose house I had spent some time when I first arrived in Mandalay arrived with a friend who years ago had read some of my early works never dreaming he might one day meet me. So the Buddhist discussion ended and Dr. Soni rose to go. I walked with him along the narrow deck space past the cabins and said in all sincerity what I have said to very few people, "I will always be glad to have known you." And I added, "Perhaps one day we will meet again in India."

"Perhaps."

Then the firm strong handclasp, and one more Goodbye.

I returned to the two young men, and my eager fan plunged relentlessly into a discussion of English authors, beginning with Joseph Hocking and going on to someone they all called, I found, Mr. Somerset Morgam. It was like an Indian press conference. What did I think of Nevil Shute? Had I read Mr. Maurice Collis's books? What did I think of them? What did I think of American writers? Who was my favourite writer? How long did it take to write a book? My ex-host, who had allowed his friend to do most of the talking, said suddenly, "You look tired."

I assured him I was—very tired.

"I think we should go."

"Yes," I said, and got up. It was ten-thirty, and the day had begun at six. I said goodbye to them with a promise to send some books. So many books one promises to send on a journey of this kind, and conscientiously keeps one's word, but so few are ever acknowledged—if, indeed, they ever arrive.

I went into the hot cabin and switched on the fan and hung towels up at the windows. The bed was the hardest I had ever known even in the East. But at least it was not over a furnace. And there were positively no cockroaches.

The day began at five-thirty with a great commotion of shouting, a clattering of chains, and a general excitement; but we did not cast-off until seven—amid an even greater din, to which was added the clanging of bells.

From the open window at the end of the dining saloon I stood looking out over the wide muddy-looking river, seeing again the junk ships and the flat heat-bazy landscape. Presently I was joined by a tall white-clad ship's officer who addressed me by name. He was the Chief Engineer, an Anglo-Burman of Irish stock. From him I learned that the broad-roofed barge attached to us was a 'flat'. It carried cargo and fuel, which if loaded on to the steamer itself would cause it to sink too deeply into the shallow water, "and we should get stuck on a sandbank."

In the square bows of the lower deck of the steamer, and in the fore of the flat, Indians stood plunging long bamboo poles into the water and calling the soundings. The poles were marked with black, red and white paint for measuring the fathoms. The course of the channel was marked out with poles through the masts, funnels and bulks of the numerous war-time wrecks. The two Indians called the soundings in turn, each seeming to answer the other, their voices carrying across the water in a high, monotonous yet curiously musical singing. They ceased when we no longer followed the channel through the wrecks and the sandbanks, but resumed from time to time later in the day when again we ran into shallow water, and water treacherous with sandbanks. At times there seemed nothing in the long hot monotonous day but this rhythmic singing, like chimes, marking the hours.

At Sayaing we changed our course because of the numerous drifting timber rafts. We lay off here for a time, and eventually were joined by another steamer with a flat attached. Amid a tremendous hullabaloo of clanging bells and shouting the two steamers were lashed together. The Chief Engineer said that later we should pick up another flat. In the meantime we picked up another deck-passenger who came out to us in a sampan and carrying a live cock. Watching the activity on the flat I was suddenly aware that we carried an armed guard of some half dozen young military police. The deck-passengers sat and lay about on their mats and carpets, their pots and kettles and bundles all round them; some were busy eating, others sat and smoked cheroots, others lay reading or sleeping; some merely sat, listlessly, between the heat of the awning and the heat of the deck. I had not seen them come aboard but

there were now two other first-class passengers, a Burmese couple, the man wearing European clothes.

The heat was intense, and it was a relief when we moved again—a small, puffing, chugging flotilla. The river was very wide and the landscape dull, a desolate sandy strand at one side, green banks at the other. This continued for hours, a monotony of desolate pale beaches with a desert emptiness beyond—the dry zone.

Around noon we came to a village, a straggle of dark huts against a background of trees. Gharries moving in a cloud of dust dashed down the steep sandy bank of the waterside to meet the incoming flotilla—but no one either went ashore or came aboard. There was a tremendous babble of voices; bales and packing cases were carried ashore on the heads and backs of coolies or brought on board. More firewood was taken on to the flat. Sellers of sweets and cakes came on board, moving about the main deck. Two young gipsy girls came on board and sang shrilly, choosing a young soldier lying on his back beside the rail to perch beside. He smiled and gave them coins. They were young, pretty, gaily impudent. I also gave them coins, and they sang again. They tried to collect again from the soldier, but this time he merely laughed and waved them away.

In the dining saloon the government minister was having a late breakfast. Two orderlies hovered in solicitous attendance. One buttered his bread for him, the other jammed it. The moment his cup was empty it was refilled. Flies were flicked from the table the moment they alighted. A glance from the ministerial eye was sufficient to cause this to be passed, that to be removed. Not a word was spoken. The faces of the orderlies were impassive, and the minister seemed not to see them. He was youngish, heavily built, sombre of manner. Later we made each other's acquaintance—in a disinterested sort of way. I learned that he was not long recovered from a fever and had 'to take things easy', which was why he was going down to Rangoon by boat. He came from a village in Upper Burma—"where the people are not so educated, because the British took it over much later." This was anyhow a new angle on the annexation. Although he was a member of the government there was still something vaguely peasant about him. Back in Rangoon I learned that he had been an active leader in the

Indonesian struggle for independence, where he had proved himself a man of great courage and initiative. But of this he said nothing to me—indeed, though we ate at the same table we did not have a great deal to say to each other.

Towards evening the river made a huge bend and we passed sand-flats, and fishing-boats with dark brown sails. The sun went down in a crimson globe behind a group of palms and a cluster of white pagodas. Mist rose from the river in a long low stratum, like cloud. At six o'clock we reached Myingan, where we were to tie up for the night—for Irrawaddy steamers never travel after dark. The town itself is actually some miles from the river; what we came to was a row of bamboo houses along the top of a high quay built of stone and cement. There was a smell of dust and of frying food, and the indefinable smell of wooden houses which is the smell of Burma. A number of steamers were moored below the high grey wall. Bullock-carts and gharries moved in a trail of dust along a sandy cliff beyond the quayside. People gathered to watch the steamers tie up, their *longyi's* vivid against the paling sky. In the background women walked out of the picture, towards a towpath, with baskets and bundles on their heads.

A party of about a dozen men came aboard to meet the minister. And a letter was brought on board 'for the British lady-writer travelling from Mandalay'. This much was set forth in English; the rest was in Burmese. The minister translated for me that the Sub-Divisional Officer of Nyaungu had been notified of my impending arrival, and that the peon who bore this letter would spend the night on board and escort me when we arrived at Nyaungu sometime tomorrow afternoon.

The minister received impassively and with few words the people who had come to see him. He ordered cold drinks, in which hospitality I found myself included, though I sat tactfully apart. The party sat round in a semi-circle and regarded the minister. Very little was said. Occasionally someone would ask a question and the minister would briefly reply, then there would be silence again. The Burmese are very sensible in this—I observed it time and again—that when there is nothing to say they preserve an unembarrassed silence. They are free of the European compulsion to produce words at all costs. The party had come aboard to see the minister, to

have their *darshan* of him; very well, they were seeing him, they were having it. A *darshan*—I learned from India when my daughter and I were sometimes the objects of it—does not call for conversation.

After about half an hour they took their leave, as quietly and gravely as they had come; they bowed to the minister and he to them. They had barely gone when a doctor entered the saloon with a black bag and took out apparatus for measuring the minister's blood-pressure. The conversation was in English. He instructed his patient that he must not eat meat. The minister received the news impassively, and when the doctor was gone and the meal was served helped himself liberally to curried mutton. "One must eat," he observed.

Millions of insects swarmed round the lights and fell dead on to the tablecloth and into our hair. The minister ordered the windows to be closed and more fans to be turned on, and the insect spirals lessened. When we had eaten we sat a long time over green tea, in silence. Presently the minister got up and disappeared, without a word. I went out and leaned a while on the narrow deck, until I noticed that here too the insects spiralled round the lights and that the deck was covered with their corpses. I retreated to my cabin, which was after all no hotter, and where there was at least a mosquito net.

We untied at six-thirty in the morning, but an hour later we were still anchored. The floor of the dining saloon seemed to be covered with chaff—which on examination proved to be dead insects. The Indian sweeper came in with a bunch of twigs tied to a short broomstick and flicked the strip of matting and the floor, keeping one hand behind his back the while. In this fashion the dead insects were gathered into a heap in a corner. He then squatted, broke off a twig from his besom, and poked, energetically. There was, I discovered later, a small hole in that corner, through which he had poked and pushed the mess of insects out to the narrow deck beside the cabins, where, presumably the wind took over and dispersed them. He then went out and flicked at the strip of matting along the deck.

The day continued much as the day before, with endless desolate sandy strands shelving to the wide shimmering dun

of the water. At one point a war-time wreck lay like a huge whale across the channel. The Indians plunged their measuring poles and chanted, monotonously. The river made such tremendous bends that at times it appeared like a lake, with the farthest shore approaching. But always the endless sand shelving to the water. From time to time far away on a shadowy hilltop the white cone of a pagoda seemed to float on the misty sky like a mirage. Sometimes the dead shore came to life with a bright greenery of ground-nuts and maize, topped by tall palms, like a desert oasis, and there would be small white pagodas. But it all slipped by and the sand took over again, so that the steamer seemed to be chugging across a desert. We had a flat at each side of us now, but had left the other steamer behind.

At the next halt, Pakokku, women came on board selling tablecloths and tea cloths and huge gaudy, crudely painted papier-mâché toys—dolls, elephants, owls. The town is some three miles inland from the row of huts by the river. Cotton is grown in the district, and it is famous for its toddy-palms. There was a great loading and unloading and commotion.

We went on again past low sandy cliffs, but topped now with the bright green of cultivation. The hills were shadowy in the distance. There were occasional sandbanks visible in the river.

The butler announced the meal. He also presented his bill, together with a book in which various passengers had written their appreciation of his services. There was also a Complaints Book. In the butler's book I wrote in praise of his courtesy, his efficiency, his catering. In the Complaints Book I suggested that cabins be supplied with curtains. . . .

Then, suddenly, we were at Nyaungu, moving in towards a cliff of sand. The pcon appeared and although I did not know what he said I gathered that we must go—at once. He seized my suitcase and typewriter from the cabin and we picked our way through the crowded confusion of the main deck and struggled down the stairs and on to the flat. The heat under the corrugated iron roof was terrific, and it was as crowded there as on the steamer deck, with people sitting and lying everywhere on their mats and carpets and surrounded by their bundles,



kettles, tiffin-carriers, bowls. Here, too, were a great many *pangys*. A pony, a cow, and a calf, were stalled at the far side; another pony was stalled at the opposite side. There was a long wait, and as the only European, female at that, and alone, I attracted a great deal of attention. I sat down on my suitcase and attempted to assume the impassive air the minister had exhibited in all circumstances. A *pangyi* standing by me stared fixedly, and when I looked up he smiled. I was grateful for the smile, in all that impassive staring.

Suddenly there was an influx of Indian coolies along the gang-planks—the beautiful Indian faces once again—and the peon seized my suitcase and pressed forward. The slope was steep and the peon went at a great pace, despite the heavy suitcase. I found that I could not keep pace with him in Burmese slippers on that steep bank of loose sand; I kept losing the slippers, and then in desperation I snatched them off—only to find that the sand was so burning that it was agony to walk barefoot on it—though plenty of people were doing so. But they had been going barefoot on hot sand from childhood. There was nothing for it but to plunge on. I was convinced that my feet would be blistered, and was astonished, afterwards, to find that they were not. So much barefoot walking in the past month had evidently hardened them to some extent.

At the top of the burning slope there was a dusty road and tall trees, and gharries. The peon chartered a gharry and we climbed in, sitting back to back, the peon beside the driver, and drove off through what seemed a veritable sandstorm of dust to the office of the Sub-Divisional Officer.

The gharry stopped in front of a high wooden house with steps up to a low wooden verandah. I stepped into a room where there was a long table, chairs, benches. There were several young men and a middle-aged man—the Sub-Divisional Officer. Young children darted in and out.

I had various points to settle with the S-D.O. There was the question of accommodation for the night; of transport for Pagan; and transport for Chauk—which I must reach in order to get the plane for Rangoon.

The S-D.O. suggested I should stay at the Circuit House at Pagan, specially built, it seemed, for the Prince of Wales when visiting Pagan in 1910. It would cost me thirty rupees.

a day. That is to say over two pounds a day. Apart from the thirty rupees I felt that I could not be marooned out there alone in the Circuit House among the ruins of old Pagan. Once there, too, how would I ever get transport back to Nyaungu or on to Chauk? I would be stuck there, I said. No, no, I could not stay out there. There was a bungalow here, he then said, I could stay there and tonight I could dine with him. When I said that I had no bedding or mosquito net he agreed that the bungalow was out of the question. Finally he said that I could stay in his house. "You may not be very comfortable—there are children——"

I said that I did not mind children. What I minded was being marooned in circuit houses and bungalows, with or without benefit of bedding. I thanked him and said I would like very much to stay in his house. And now arose the question of transport for Pagan today, and for Chauk tomorrow. I could perhaps have a jeep for both occasions.

He said, "I have no transport of any kind. People are always being sent to me from Mandalay to visit Pagan, and I have no transport. Some people were sent to me recently, but I could not help them."

I thought, desperately, "But you are going to help me. *There is going to be transport.*" There *had* to be transport.

"Then what do you suggest?" I asked. "I have to get to Chauk tomorrow."

"You can go by the public 'bus."

"No," I said. A few days ago insurgents had boarded a public 'bus and held the passengers up with guns and daggers and collected from them. But it was not only that. I had the feeling that if I persevered, held my ground—as I had done at Kyaume—a jeep would be forthcoming. East of Suez it does not do to take no for an answer except in the very last resource.

"Then," he said, "you can charter a 'bus to yourself. A 'bus for sixty people. With a police escort."

"That would be absurd," I said, and persisted, "Surely somewhere in the town there is a jeep I could charter?"

"There is one jeep," he told me. "But the owner will not let it go to Chauk. The road is bad."

I had been told this on the boat. I thought that the minister had meant because of insurgents, and I thought that if it was

bad for a jeep to travel that road it must be equally bad for a 'bus.

"We could ask him," I said. "Perhaps with a police escort."

"It is no use to ask him."

There was such finality in his tone that I knew it was useless to persist.

"Very well, then," I said. "I will go by the public 'bus. But now for Pagan—surely the owner of the jeep will allow it to go there?"

"If it has not gone somewhere else."

If it had—did it mean I had made the journey to Nyaungu for nothing? I refused to consider the idea. One step enough for me. The S-D.O. sent his clerk out to find out about the jeep, and a servant brought tea and sweet cakes. I began to feel sorry for the S-D.O. I said that when I met the Prime Minister at the end of my trip I would tell him of the predicament of the S-D.O. of Nyaungu harassed by visitors for whom he had no transport.

The clerk came back with a jeep and driver. The S-D.O. was clearly as relieved as I was. The clerk, he said, should accompany me. He gave him some archaeological notes, and we set off through the dust. It was one-thirty. The heat was fierce.

(XIII)

*THE DUST OF A THOUSAND TEARS:  
PAGAN*

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A LONG straight road, deep in dust, runs from Nyaungu, modern Pagan, the five miles out to the ancient capital. Going and returning there was nothing on that road but a solitary bullock-cart ambling along in the yet deeper dust of a rutted track beside a hedge of cactus, tall and straight, like palisades. Leaving the road at the end of the five miles there are harebells, astonishingly, in the long dry grass; and lying flat to the burning ground, and concealed by the dust, thistles that further assault the bare feet.

There are a hundred square miles of the wilderness of thorn-bushes and scattered trees and pagodas and ruins of pagodas that is ancient Pagan. In that wilderness there are not hundreds but thousands of pagodas—and the building of a thousand years, from the third century to the thirteenth. At the beginning of the thirteenth century Pagan was in its prime, one of the most amazing capitals the world has ever known; at the end of the century it fell to Kubla Khan. It was said of Pagan, in the mid-thirteenth century, that it was 'the most pleasant and beautiful of all kingdoms'. Now goats graze among the broken masonry, and pigeons and bats inhabit the ruined shrines. It is just such a savage and enchanted place as Mingun, but Mingun is small and Pagan is vast.

A Burmese archaeologist wrote of Pagan that 'all conceivable forms of Burmese architecture' are to be found there. The oldest shrine there shows Chinese influence, one shows Singhalese influence, and a number bear a striking resemblance to the temples of Southern India, with flat receding façades tapering to the top. The beautiful white Mahabodi Pagoda, built in A.D. 1215, is, in fact, a replica of the

Buddhagaya Temple of India. This is one of the intact pagodas of Pagan. The *stupa* stands on a massive square platform with satellite *stupas* at each corner and two stepped down below the level of the platform.

I do not remember which pagoda I entered first, or the names of all I entered. I climbed innumerable broken stairs and came out on to broken terraces—sometimes with a touch of vertigo where the masonry of an outer wall had crumbled away and the stairs turned a corner with nothing but the view at one side. But the view over the vast plain was worth the vertigo and the fatigue. It is an astonishing sight, that burning plain with the scattered groups of trees and in all directions pagodas of all shapes and sizes, some complete ruins, some remarkably intact—hundreds of them, thousands of them, stretching away to the glimmering horizon. Yet words fail because they cannot convey the strange, lost, other-worlds-long-ago *feel* of the place.

In the massive doorway of the Kyauk-ku Temple, square and set about with trees, one is confronted with a gigantic Buddha image, rising from floor to ceiling. There are bat and pigeon droppings everywhere and such a desolation that its thousand years seem to have brought the coldness of death to its broken stone.

This strange, sombre temple I remember, and a little third-century pagoda perched at the edge of the cliff above the river, the Bu Paya, with a tiny *Nat* shrine, like a doll's house, at one side. This pagoda I remember because of its position above the river, and because of some charming children who had gathered there from some nearby houses; they followed the visitors round, curiously, and were full of shy smiles, and waved goodbye when we left.

There were children at some of the other pagodas, too, but they were desperately poor looking, thin and dirty, and they came begging. There were a great many such children at the great white and intact Ananda Pagoda, the most easily remembered of all the pagodas, named after 'the beloved disciple' of the Buddha. It is the first temple of Pagan, and is still in use. From a distance it is a square white mass, with a centre *stupa* surmounted by a golden spire, surrounded on terraces below by smaller *stupas*. At close quarters it is almost

church-like, being cruciform, with Gothic arch entrances. But its dazzling whiteness is of the Taj Mahal, and its manner is Indian, with its stepped-back terraces. Its state of preservation is such that it seems incredible that it was built in A.D. 1091. Except that it was very dark inside, with tall standing Buddha images, nothing else do I remember of it except the begging children and the grace of very tall palms against the almost blinding whiteness of its exterior, and a kind of bewildering beauty. According to tradition it was designed by four famous Indian architects whom the king was testing to discover the best. Their merits proved equal and the entrances they designed were uniform. When the pagoda was completed the king had all four executed so that their work should remain unique. This tale of tyranny and death is basically the same as that related of the fountain in Hecker's *Hawaii*. . . )

I remember the square Thatbyin-nyu Pagoda, built by King Alaungsithu in A.D. 1144, and climbing terrace after terrace of the Shwesandaw, the pagoda of the golden hair relic, and looking out in awe and wonder at that incredible wilderness blossoming with pagodas. There was again that feeling I had experienced at the first sight of the Himalaya from Darjeeling - of wanting to gaze and gaze, of never being able to look enough at such unimaginable splendour. And the troubled sense of looking, perhaps, for the first and last time.

I remember the small square Ordination Hall, built of brick, and oddly like a Quaker Meeting House set down in the sweltering plain, its faded elephant frescoes, and many *Nats* and *devas*. I remember the square Bidagat-taik, the Library, small and dark and empty, with nothing to suggest what it has once been. I remember the ruins of the great gateway of Pagan, huge broken pillars with a niche set in each, housing two guardian spirits, a brother and a sister. These, the small and unimportant things, are easier to remember. There is too much of what is important, and to spend four hours, as I did, entering pagoda after pagoda, ruin after ruin, mounting interminable stairs, parading endless terraces, with aching legs and feet wincing from the hot stone and marble, is merely to become confused, like too many hours spent in looking at pictures in the Louvre. Visually one can see a great deal in

four concentrated hours, but the brain will not hold it. Four days would have been better, with only three or four pagodas a day. But for anyone who wanted a real archaeological survey four weeks would not be enough. But who except an archaeologist would want that? Archaeological reports exist for those who are interested, and some are to be found incorporated in the scholarly works of Mr. V. C. Scott O'Connor.

The Shwe-zigon Pagoda is the only one of the numerous pagodas I visited that hot afternoon of which I was afterwards able to record any detailed notes and it is the only one memory yields up in any detail. Perhaps it is because just as some people like their haystacks round rather than square I prefer my pagodas golden rather than white, and the Shwe-zigon is bell-shaped and all of gold, like the Shwe Dagon, very beautiful, but not as beautiful as that most beautiful of all pagodas, and perhaps of all man-made structures. But still, it is very beautiful this pagoda which King Anawratha built, like the Shwesandaw, in order to acquire merit for himself and please his people. It was enlarged to its present size in the eleventh century by King Kysansittha, and the space between the original pagoda and the new casing is supposed to have been filled in with jewels, thrown in by the king and his court. It was given a new *hti* in 1767 by King Shinbyushin, who has left a record of the fabulous amount of gold, silver, and precious stones used in its construction. Over a thousand emeralds are included in the list.

In modern times little gilt trees, with their donors' names prominently displayed, encircle the base, and like the Shwe Dagon it is illuminated by the inevitable strip-lighting. There are steep steps up to ledges round the golden pagoda itself for those who wish to add yet more gold, but women may not do this as sacred relics—a tooth and a bone of the Buddha—are buried under. A long white colonnaded rest-house leads up to the main entrance, and in its shade women sit selling joss-sticks, candles and heat-wilted asters, for offering at the shrines, and there are a few beggars—making it possible for the passers-by to acquire merit by giving to them.

I was taken to the famous Circuit House, looking out across grass and trees to the river. Certainly it is in a fine

position, and equally certainly had I agreed to stay there I should have been completely isolated. Looking out from the balcony of the upper storey I saw a village or hamlet, wooden houses among palms and plantains, in the near distance. It seemed astonishing that people could subsist in this wilderness of ruins, and I asked what they did. I was told that they lived by fishing and the making of the lacquer ware for which Pagan had long been famous. I asked to be taken to the village and shown some of the work. Unfortunately the workers had already gone for the day when we arrived there, but I was shown—and purchased, very cheaply—some of their very beautiful work. Sad that when I brought it home it should be assumed to be *papier mâché*, though this, apparently, is a common misconception. Actually the lac varnish is applied to a finely woven basket work of bamboo, which accounts for the flexibility of the articles. The varnish is collected from the *thi'si-bin* tree, which when in flower is so thickly covered with fragrant cream-coloured blossom that its leaves cannot be seen. The trees are tapped for their sap, which is dark in colour—*thi'si* means wood oil. The tree is not cultivated in Burma, but is plentiful, and grows wild. Its buds are used in curries. Shwe Yoc<sup>1</sup> says that connoisseurs can distinguish between Shan, Nyaungu, and other kinds of lacquer work by the shadow thrown on the inside when the cup or bowl or circular box is held at an angle of forty-five degrees. The work is supposed to be imperishable.

Pagan appears only once in modern history, and then tragically. In 1237, five hundred and fifty years after it fell in all its glory to the Mongol hordes of Kubla Khan, it fell to the British. The Burmese General Zeyathura attempted to hold the British advance from among the ruins, but his men fled when the enemy charged a post on the bank of the river. The Burmese soldiers flung themselves into the river, and three hundred lost their lives. Those who did not drown were bayoneted.

After such a surfeit of pagodas I was interested to discover whether the 'pagoda slaves' mentioned in old books still

<sup>1</sup> In *The Burman, His Life and Notions* (MacMillan, 1895).



existed. It seems that the question is not one which can be answered Yes or No. In the old days the kings gave the captives they made in wars to the pagodas, where they served the monks, acted as 'sweepers', and did all the menial work of the pagodas. They lived in the pagoda precincts, and having been given in this way they and their descendants were bound to continue serving the pagoda for ever, under threat of a curse if they abandoned these duties. They believed, and apparently even today many of them still do believe, that if they leave the pagoda they will contract leprosy. Those descendants of pagoda slaves who break away to the extent of taking work outside the pagodas still serve the pagoda once or twice a week in their spare time. Most of the descendants of the original slaves are still serving the pagodas—as sellers of flowers, joss-sticks, candles. Socially they are still regarded as slaves, and the Burmese do not inter-marry with them; although there is officially no caste system in Burma they are regarded as socially taboo, like fishermen, slaughterers, silkworm breeders. Just as India in independence legislated against the caste system, and officially untouchables are admitted to the temples, so in independence Burma legislated against any social taboo concerning the descendants of the pagoda slaves. But the prejudices of generations cannot be removed overnight by legislation. Legally caste-less Indians cannot be discriminated against in India as untouchables; but untouchability still exists. Legally the descendants of pagoda slaves are no longer socially outcast in Burma, but still the religious superstition exists that a curse will descend upon those who break away, and still the social taboo exists and these people live apart, though I am assured that neither the superstition nor the taboo will survive another generation. I was told of one young man who had defied the superstition and broken away, and there are perhaps others. Officially the stigma attaching to pagoda slaves has been abolished—by proclamation—but a Burman told me, when I asked about their social status, "The actual position is that our path and theirs never cross. They seem to be perfectly happy as they are and I am not sure they want to be anything but what they are. We have never had to draw a line as they always live among themselves. On the other hand, how am I to know if the man who sat next to

me in the cinema last night and lent me a match is a pagoda slave?"

It is the answer which is invariably given in reply to any protest about the inconsiderate treatment of servants—"They do not mind; they do not expect anything else." And in reply to any suggestion that labourers or paddy field workers are badly paid—"They are quite happy; their wants are very small. . . ."

That there should be any section of the community despised or in any way rejected by the rest is as un-Buddhistic as it is un-Christian to 'love' your enemies by dropping bombs on them.

THE DRY ZONE: NYAUNGU TO CHAUK

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A BALCONY on a main street is a good vantage point from which to view the life flowing up and down it, and I spent a number of hours leaning on the balcony of the tall wooden house in Nyaungu, both when I got back from old Pagan in the early evening, and again in the morning before leaving.

I removed the dust of a thousand years from my person in the bathing place in a corner of the yard, clumsily struggling out of my European clothes under a dry *longyi* kindly lent me by the Sub-Divisional Officer's wife, and when I had poured sufficient water over myself shuffling off the wet *longyi* under a dry one. The difficulty of the performance was increased by an acute awareness of the heads of a number of interested spectators—women and children—bobbing over the surrounding fences. It is not easy to assume the requisite air of nonchalance in such circumstances whilst attempting to keep the dry *longyi* in place, modestly across one's bosom, whilst with the other hand attempting to free oneself of the wet one clinging—two dripping yards of it—to one's body. Burmese women and girls manage it in public—very often at street pumps—as casually and gracefully as their European opposite numbers pull on or remove their gloves; but they have been doing it at least once a day as far back as they can any of them remember.

However, all was duly contrived without indecent exposure, and I went back across the yard and up a high flight of wooden steps at the back of the house, and having nothing else to do went and leaned on the balcony. The noise was fantastic—a din of crows, Burmese music loud-speakered from a cigarette kiosk under a tree a few yards from the house, the

loud-speaker fixed up into the tree, radio from the house itself, an incessant ring of bicycle bells—it was a fun-fair without the fun. The dust haze, catching the setting sun, was even thicker than in Mandalay. The main street of Nyaungu is deep dust, and it is stirred up all the time by an endless procession of bullock-carts. The S-D.O.'s house faces straight down the long straight road to the river; there are bamboo houses at either side and many trees. The main street goes off at right-angles, with open-fronted shops and cafés and tall graceful acacia trees at each side. The trees are white with dust.

When the light had gone I was called downstairs and shared a meal with the S-D.O. in a high barnlike room. My host and I had very little to say to each other, and remembering that Burmese people do not regard conversation as essential I repressed the European impulse to fill in the silences. Whilst we ate, an extraordinary looking cat came in; it was extremely thin, and had an abnormally long tail, a curious head, and very little fur. 'Cat people' like myself do not easily find any kind of cat completely ugly, but this wretched creature was hideous. It ran under a sewing-machine and crouched there. I averted my eyes and attempted to dismiss it from my thoughts, telling myself that Burmese people are reputedly kind to animals, so that someone would feed it, and that perhaps anyhow it was not as starving and miserable as it looked.

A number of men began to drift in to see the S-D.O., so that when the meal was finished I took my leave and went back to the balcony. I was joined there, briefly, by my hostess and a young daughter, but as they had almost no English the conversation dissolved in regretful smiles, and I was alone again. The crows were silent now, and the radio in the house off, and now there was only the occasional ring of a bicycle bell and the even less frequent jingle of bullock-cart bells. There were no street lamps; the only lighting was from the open fronts of the tea-houses. At the café opposite a solitary man sat, in the white light of the strip-lighting. An occasional figure in a *longyi* seemed to flit like a pale moth across the arc of light, to be lost again in the hot dusty dimness from which it had emerged. Eventually even the radio ceased. The man

left the café and, when he had gone the street except for the pariah dogs disputing possession of a wooden platform at the side of the road. I went to a room, at the far end of which I had been provided with a camp bed and a mosquito net. At the other end where the stairs came up into the room, I had been provided with a commode and a screen. The screen concealed the commode from the view of anyone stepping through the doorway of the adjoining room, but not from anyone ascending the stairs. Well, I told myself, peering over the banister, were the stairs free of traffic, you cannot have a disadvantage. I was in fact very grateful for my two corners. This house at the edge of the wilderness must be very lonely and dark.

As in Rangoon, I was wakened by the crows as soon as it was light. I put on a wrapper and went back to the balcony to lean again until such time as water should be brought by a procession of bullock-carts had started again; some were hooded over with bamboo matting, but most had the cover rolled back at that early hour. There was a procession of women with baskets heaped high with firewood on their heads, or carrying it in panniers attached to a bamboo pole across the shoulders. Both they and the bullock-carts went down a turning a little way up the main street, presumably to the market. A woman passed carrying on her head a bundle of bamboo poles with the leaves still attached. There were a number of men about, but none carried more than a brief case or a sheaf of papers. There was the sound of a gong being struck, from a nearby *pong-yi-kyau* or a pagoda. A crowing of cocks was added to the cawing of crows.

The noise intensified as the light strengthened and Nyaungu got the new day firmly on to its feet. As rapidly as the rising of the sun the cacophony became complete—the clang of bicycle bells, the jingle of bullock-cart bells, a creak of bullock-cart wheels, a persistent hammering produced by a man squatting in the dust under the tree, nailing strips of wood together, watched by another man. There were women going to the market, now, with baskets on their arms, or flat straw trays on their heads. There was an occasional jeep load of

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military police swinging into the pavementless street and churning up the dust.

The men strolled mostly in pairs, often with their arms round each other's waists, as in India. Here and there a solitary clerk hurried, importantly, sheaf of papers in hand—the badge of office. The clerks, I noticed, tended to wear topees—another emblem of their high calling. I began to feel that a new beatitude should be added to the *Mahamangala Sutta* of the Buddhist scriptures, which sets forth the Highest Blessings—to be a little local-government official, this the Highest Blessing. In this *Sutta* every blessing is set forth as the 'highest', but assuming the word to mean 'very great' to the little-official beatitude can be added that there is only one blessing higher—to be a big official. Which was worse, I wondered, the flight from the land into industry, as in the West, or into officialdom as in the East?

My reflections were interrupted by a servant bringing water to the balcony. I made my toilet as best I could, wondered whether to pour the water into the dusty potted plants at one end of the balcony, throw it overboard into the dust below, or leave it—and decided to leave it. I went back into the room, dressed hurriedly in my corner, and returned to the balcony to await the summons for *chota-hazri*.

To the right of the tree there was an open space of dust, flanked by the wall of the compound, against which there was a pile of refuse. In the centre of the open space a boy stood looking down at something. He went on his way after a moment and I saw that what he had been looking at was the miserable cat of the night before. It lay there on its side in the dust, its back legs twitching convulsively. A young *ponggi* came and looked, and after a moment went on. I stood watching, wondering should be done, whether the people of the house should be told, whether it was their cat. After the *ponggi* had gone on his way it no longer moved. I watched for some time but it did not move again. Then a couple of pariah dogs came and prowled round it, warily, and sheered off. Another dog came and sniffed at it and ran off. I turned away. The miserable creature was no doubt better dead. Useless to brood upon what it had endured before it dragged itself out there to die in the dust. Better to go downstairs and perhaps

find the S-D.O. and find out what time the public 'bus departed and where from.

My hostess came through from the kitchen quarters as I entered the room. Beyond here, in a room opening on to the compound, there was a charcoal fire on the ground, and servants hovering. She invited me, "Take your tea," and we sat down at the table together. A servant placed tea things in front of her, toast, and an assortment of iced cakes of different colours. The tea came out of the pot complete with milk and sugar; it was very sweet. She passed me the cakes. I took a pink one, telling myself that really there is no reason why one shouldn't eat cakes at seven-thirty in the morning. I had first been offered iced cakes for breakfast in Moulmein and had felt unable to adapt my palate to the idea; but that was now 'in other worlds, long ago'. I had adapted myself to other Burmese customs; why not this one? I dislike sugar in my tea, but here I was drinking it, so why not a pink iced cake to go with it?

When I went back to the verandah the dead cat had been removed. So had the pile of refuse. Dogs came and sniffed at the place where the cat had lain. At least, I tell myself, it did not linger for the vultures to come and pick its eyes out whilst life still remained in its wretched body, which they do with dying cattle. I turned and looked up the street, resolutely switching my thoughts. Bullock-carts laden with firewood, a bullock-cart heaped with gourds, the brilliant green gleaming in the sunlight, a cart laden with bales of some kind of long grass, a cart supporting only a large barrel, drawn by two buffaloes with huge horns.

By eight-thirty the day begins to be hot, and the dust churned up by wheels and feet and hooves has already risen into the air in a light haze. A boy rides up the street on a pony, the young foal following, and suddenly at the cross-roads four ponies appear and in a cloud of dust disappear into the turning opposite so that again I am reminded of the German village in the Caucasus and the sundown gallop of a great drove of horses, long manes and tails flying in the churned-up dust.

In the compound youths sit on the ground stitching teak leaves together with long fine bamboo pins. The leaves so

fastened are used to line deep baskets. The baskets when lined are ranged in a row and a boy goes to and fro with baskets laden with dried plums which he hands to another boy to empty into a lined basket. Behind the row of baskets another boy squats to shake the plums down into the baskets. When all the baskets are filled lids are set on the top of each, and later a young man comes round and stamps the lids with a piece of cardboard inked on one side. A pile of chillies lies drying in the sun.

Immediately below the balcony there is a well with a corrugated iron roof. There is a great busyness of women at the well, this morning as yesterday evening. They come with B.O.C. kerosene cans on poles across their shoulders. One old woman left the well staggering under the weight of her laden cans. In the early morning the water-men come to the well to draw water for distribution to all the houses in the little town. At this house the water is transferred to large pitchers and galvanized iron bins in the compound.

Near the well I saw what I at first took to be an affecting romantic scene going on—a woman with her arms locked round a man's neck; when he moved she moved, without unlocking her arms—the clinging type, evidently, I thought. I was all the more astonished because in the East men and women do not embrace in public. But when the couple moved apart I saw that they were merely two men who had been standing in friendly embrace, as they do in the East. When all wear 'skirts' the sexes are not always readily distinguishable to the Western eye. . . .

The most wretched pariah dogs I saw anywhere I saw in this little town, some of them mere skeletons covered with skin, and so far gone in mange as to be almost hairless. Some seemed lively enough, running round with tails erect; others slunk everywhere, tails between their legs, and snarled when waved away.

By nine-thirty I had had enough of the balcony. The dust was on my throat and smarting on my eyes. I was about to go off in search of the Sub-Divisional Officer when a lorry packed with people under an awning roof turned into the main street and came to a stop near the compound. Poor things, I thought, what a way to travel in the heat. I hoped



they had not to go far. I turned to go into the house when the S-D.O. stepped out of the room.

"The 'bus has arrived," he announced. "Are you ready to go?"

I asked, dismayed, "Is that the 'bus—down there?"

"That is the 'bus you will travel in."

"How very unpleasant for me!"

"You will have the front seat with the driver to yourself. At Chauk you will be taken to the police-station where you can telephone. A police escort has been provided. When you arrive you will give the driver five rupees."

"Is it very far to Chauk?"

"It is twenty miles. But it is a bad road."

There was no room for the boys with the guns in the already overcrowded lorry, so they stood on the running-board and clung to the bonnet, with various out-riders. Some clambered up on to the canvas roof. Inside the lorry it must have been stifling, for in addition to the packed people it was stuffed with bales, bundles, baskets, of all descriptions.

I did not have the seat by the driver to myself, nor, in the circumstances, would I have wished it. On his right the driver had a *pongyi* squeezed in, and on my left I had a girl and her various bundles. The four of us were as close as Siamese twins. The heat from the engine, added to the dust and heat beating up from the road, was fantastic. The iron plates of the truck were burning to the feet. The driver, seeing me constantly moving them, indicated that I should rest them higher, away from the engine, which I did, but it was hardly less hot. And the dust was choking. I have never known such dust; I have never known such heat; I have never known such an aching, burning, choking discomfort. Not even travelling 'hard' on Russian trains; not even travelling 'deck' across the Caspian; for then at least there was not the dust added to all else. Of all my travel experiences it was, to date, the most unpleasant, and there were four sweltering hours of it—for the twenty miles.

The 'bad road' from Nyaungu to Chauk is for the greater part of the way not a road at all. It is merely a track through deep dust. I quite understood why the local jeep owner would not venture his jeep on it. Only a camel could success-

fully negotiate it. It is made still more difficult by not being flat, it goes uphill and down, across desert land and dried-up river beds. It is like crossing sand-dunes, with no way round. Several times we got stuck, the wheels turning in the loose dust and failing to grip. Various people lent their slippers to place under the wheels, and then with a series of jerks and jolts and a good deal of shouting we got going again. Most of the way the landscape was just desert, with cacti of all kinds, and prickly pear, and occasional groups of palms. Occasionally there was an oasis in the shape of a few banyan trees with the usual big wayside water pitchers and mugs on a roofed platform. Then we would halt and some of us would get out and stretch our cramped limbs and drink some of the water or throw it over our sweating faces—or our burning feet. The first part of the journey ran through the wilderness of thorns and goats and ruins of old Pagan, which was at least of interest; but after that it was more profitable to keep the eyes closed against the blinding dust, to keep a handkerchief pressed over eyes and mouth and throat and tell oneself that every journey, however horrible, has an end. Sometimes I would look at the driver, wondering if the dust was hell for him, too, more even than for the passengers, since he could not hold a handkerchief to his face, but he merely stared at the track, his face impassive. Perhaps, I thought, there is such a thing as dust-immunity. . . .

At one point we came to a village and halted whilst the driver and various of the passengers refreshed themselves with plates of rice and curry and little bowls of green tea. We sat at long bare tables under a bamboo roof, and people came, men, women and children, and stared at the stranger, between whom and the children at least there was a social intercourse of smiles and such small games as children can contrive out of nothing but the desire to play. The women smiled, too, but children, of any race, always manage better without a common language than do adults. It was hot under the bamboo roofing, but it was not the enclosed oven that the front of the lorry was, with the engine, and the burning road visible between the burning plates.

We came at last to the river, dim with heat, and dim the landscape on either side, dim with heat and sand, all the

colour drained out of it—the Dry Zone. Mandalay is in the Dry Zone, too, and Pagan, and Nyaungu, but so long as there are trees, however dusty, it is possible to forget it. Chauk does not permit of any such forgetting, with its burnt brown hills and the black pylons of the oilfields. At Chauk we came to a road, deep in dust, but still, a road, not a track. Then there was Chauk itself, a broad dusty street, and everywhere evidences of the Burmah Oil Company.

In accordance with a telegraphed instruction from the Attorney-General when I was in Mandalay I telephoned, from the police-station, to the house of the company's general manager for Chauk.

His wife, answered the telephone.

"We expected you last week," she said.

"I couldn't get here any quicker," I said. "It's a bad road."

At the back of my mind I knew it wasn't the right answer, but the wheels and road were still moving under me. I needed to be somewhere cool, and lie flat, and completely still.

"I will send a car," she said.

A car, said my mind, still full of dust, a car, not a truck. . . .

And then it was not a nightmare of heat and dust any more, but a dream of coolness and beauty. A cool beautiful house perched high above the wide shining river, a garden full of English summer flowers—phlox, marigolds, hollyhocks, and tall bushes of oleanders, overpoweringly sweet—and a whole bed of purple bougainvillea, like a purple fountain, with tall dahlias around. And a green lawn—green—green . . . moist and cool and *green*. It is quite absurd to feel like bursting into tears just because the grass is green. And at the far corner of that incredibly fresh green grass a shady tree, with steps down to a blue swimming-pool.

When I had wallowed for a little while in the soothing steaminess of a European bath, and put on a clean dress with the feeling that there was no luxury in the world more exquisite, I went down the cool polished stairs—it seemed odd to be wearing shoes in the house—and out through the drawing-room, to the garden, and stood under the tree and studied from that blessed shade the burning landscape

which it had been such hell to drive through. There was the usual sandy strand, low sandy hills, the white cone of a pagoda emerging from a group of trees—and distant derricks of an oilfield. I learned later that the oil goes under the river at this point—the major part of the oilfields is on the Chauk side. It was a drained, exhausted, colourless landscape—of pale river, pale sand, dim pale hills. A desert landscape. The Dry Zone. The driest part of it. But such peace here, after the cacophony of Nyaungu. Only the cawing of crows. I sat under the tree and listened to the silence, and watched two houseboys leisurely gathering oleanders. There was the weak feeling—if only one could stay for a few days! But in the morning there was the launch across the river, and one of the little B.O.C. Moth 'planes back to Rangoon, and still more dust on the agenda.

## *THE ANCIENT MON CAPITAL: PEGU*

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THE road out from Rangoon to Pegu has for some time rubber plantations on the right and on the left, across flat land covered with a scrub of low bushes, a long shining stretch of reservoir, vaguely like the great Lough Corrib as you come up from Connemara to Galway. At Hlegu we picked up a police escort for the run through lately insurgent areas, where the jungle had been cleared at each side of the road to destroy protective cover for gunmen. Thereafter are only the paddy fields of the great plain in which the ancient Mon capital stands forlornly, like an island from which the sea has ebbed on all sides.

Which is precisely what has happened. Pegu, once a seaport, is now inland. The tide has gone out for good—like Pegu's ancient glory. Today it is a dusty ramshackle little town living like Pagan on its memories, under whose Burmese domination it was for two hundred and fifty years. When Pagan fell to Kubla Khan Pegu was liberated from the Burmese and became again a Mon capital. After that the tables were turned and Pegu made war on Prome and Sagaing, and a series of invasions and counter invasions followed, until the seventeenth century. There is a great mass of mediæval history attached to Pegu, and it is there in the books, with a great mass of legend as well, for those interested; the chief interest attached to Pegu today is its reconstructed Shwemawdaw Pagoda which when O'Connor wrote of it in 1907 was 'a spire of pure gold', but which was totally destroyed by a severe earthquake in the Rangoon-Pegu district in May 1930. A Burmese writer, Win Pe, graphically describes this disaster<sup>1</sup>: 'Buildings collapsed in both towns and a fierce fire raged in the centre

<sup>1</sup> In *The Guardian* (Rangoon), April 1954.

of Pegu, causing heavy loss of life. At 8.45 p.m. the Pagoda trembled, swayed and after terrible sundering noises toppled over like a huge mountain. All that remained was a mound of bricks sliced from the bell-shape south-eastwards to the first terrace below.'

Oddly enough the *chinthes* were not damaged. This was the fifth time the Shwemawdaw of Pegu had been almost completely destroyed by earthquake. Just before and during the Second World War the difficulty of procuring the right building materials held up its reconstruction, but the task of recovering and checking the precious stones of the *hti* was actually completed during the Japanese occupation and the treasure successfully hidden. With independence in 1948 the task was renewed, and on January 12th the first President of Burma drove in the pegs for the work on the base. The Prime Minister laid the foundation stone in April 1951. A Committee was formed and public donations invited. Not only in Pegu but all over the country people gave their money and their jewellery, and many came and gave their labour, as for the building of the World Peace Pagoda outside Rangoon.

The Government voted large sums in order to expedite the work, and the rebuilding was completed on the last day of December 1953. The framework of the *hti* was hoisted into position in March 1954—a few days after my visit—and the *hti* itself was hoisted during the Pagoda Festival in April, with the Prime Minister present, and a great celebration lasting ten days, with the usual *puwé* of open-air dancing and cinema shows, and additionally, in the words of U Win Pe announcing the event, "... circus marquees, Burmese boxing tents, magic shows, cigarette kiosks, restaurants, and long rows of stores displaying quaint articles of Burmese make and wares of East and West."

The Shwemawdaw, too, is famous as a wishing-shrine, so there was all the fun-of-the-fair which the Burmese so greatly delight in—and wishing too, though at a wishing-shrine it is not enough merely to wish; faith comes into it, too, and the wish becomes in the nature of a prayer.

When I was there, although the actual rebuilding of the pagoda was finished, there was still a great deal of building work going on, with cement-mixers and planks and workmen

and lorries everywhere, and the enormous framework of the *hti* could be inspected in a bamboo-roofed workshop, and a model of the gold umbrella itself, which was to be set with diamonds, the gift of a wealthy Pegu donor. Once a *hti* is hoisted the wealth of precious stones with which it is invariably set are never seen again, until such time as it is regilded or replaced. But still it is something to know that the riches are there, poised high in the hot blue air. To know that your pagoda is all of pure gold, with gold and precious stones buried under, and gold and precious stones reaching high and out of sight in the blue sky, and that your few annas have contributed to it all, and perhaps the work of your hands, passing bricks in a long human chain from the foot of the pagoda hill up to the terrace at its base, and that it is all as much yours as those who have given many rupees, all this means very much; it means a share in the general merit of rebuilding.

In a workshop I was shown literally thousands of Buddha images taken from the destroyed pagoda and awaiting re-enshrining. It was a depressing sight, because there were hundreds all alike and of no intrinsic merit, so that it would seem better to have let them remain among the rubble.

There is a very ancient pagoda at Pegu, over a thousand years old. It is reputedly built on the only dry patch of land left when great floods rose and engulfed the plain—though how this squares with the legend that the patch was so small that two birds left on it could only find foothold by the female perching on the back of the male, is not explained . . . The legend of the birds is said to account for the fact that all the husbands of Pegu are henpecked.

There is an enormous reclining Buddha image at Pegu, once in the open, but now under a roof of the usual corrugated iron. Nothing appears to be known about it except its dimensions, which are colossal. It is one hundred and eighty-one feet long from the tip of the head to the sole of the feet, but of the rest of its monstrous measurements I have no note.

The inspector of police who was my host in Pegu was well informed and painstaking as well as hospitable. It is not his fault that I did not absorb more detail of the ancient Mon capital. It was a fearfully hot day and for the first and only time I was feeling sick with the heat—so much so that several

times I had the feeling that I had only to relax my will ever so slightly for the darkness which swam before me every now and then to engulf me, and the heat of the stones on the bare feet seemed at times to aggravate the heat from above.

There was a new ordination hall, vaguely Indian as to architecture, which interested me because of the tombstone of a Portuguese woman who had died there. For a short time, early in the 17th century, Pegu had a Portuguese king, Philip de Brito y Nicote, who at the end of ten years paid for his brief authority with his life, being impaled outside the walls of Siriam, then the chief port of the Pegu district. With de Brito's death Portuguese sovereignty was finished in Pegu.

From the verandah of a small *pong-ji-kyaung* I looked out over the plain, scattered with ruins, like a small-scale Pagan, but there comes a point at which one cannot take in any more pagodas, and it seems I had reached that point. A swarm of bees, I thought, light-headed with the touch-of-the-sun, a pride of lions, a plethora of pagodas. . . .



*JOURNEY BY BULLOCK-CART*

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IT WAS agreed that in view of my great interest in Mass Education, and of the importance of this scheme in the Welfare State, I should make a tour of some of the off-the-road villages in the Pegu district where Mass Education was operating. Therefore after a long and useful talk with U Aun Min, a program was drawn up by the M.E. Council. The tour was to occupy four days, and the first day was to be devoted to visiting the M.E. Training Centre—about which I have already written—and the model village of Htaukkyant, an hour's drive north of Rangoon.

Htaukkyant stands at both sides of the main road—that is to say, the village proper is at one side of the road, reaching inland, and the bazaar is at the other side of the road. The houses are the ordinary small village bamboo houses, but all are neat and light and each stands in its own small compound, and each has its own latrine at the rear. The latrines are the usual little wooden huts built over pits, but each is equipped with a cement squatting slab, the production of which, for distribution all over the district, is a local industry. These cement slabs are a great improvement on the usual wooden flooring, since they can be swilled down and easily kept sanitary and decent. The village streets are wide, with side guttering, and there is no sign of refuse anywhere, as all is gathered up and burnt. Before M.E. came to the village the streets were only six feet wide and were littered with refuse.

The people are anxious to rebuild the bazaar, with new houses surrounding it, so that the village would be extended, and evenly divided in two sections. The present bazaar is ramshackle, and with its dilapidated thatched roofing highly inflammable. The people were anxious to be supplied with

materials so that they could get ahead with the rebuilding of the bazaar and the erecting of the houses before the rains came. The head man of the village, with various other elders, sought to make it clear to the visiting M.E. officers that they did not ask any loan or gift of the government, but only to be supplied with materials without delay, for which the whole community would pay in instalments when the work was completed. The M.E. officers were sympathetic to the idea, but could not promise anything, as the matter had to go through a government department which had numerous other requests to attend to, and the requirements of Htaukkyant would have to take their turn. The villagers were manifestly very disappointed, and I shared their disappointment. It seemed a pity that having created the desire in the people to help themselves the necessary materials for the community projects could not be supplied without reference to a government department, with inevitable delay. My anxious inquiry, "Will they get the materials they need in time to do the work before the monsoon breaks?" was met with the non-committal "If it is possible."

At Htaukkyant there is a village-hall—where I met the M.E. Committee and members of the Women's Section—and an artesian well, for the construction of both of which the people have paid by communal subscription, as they pay for all their communal needs. There is a well-equipped dispensary, with an injection room, which is also used as an infant welfare centre, and when I saw it was full of mothers and babies, with a doctor and a nurse in attendance. There is also a mobile van which visits other villages and carries in addition to medical equipment, books, radio, gramophone records, and cinema films. There is a school, primary and middle, with classes 4, 5, and 6, but the three junior classes were being held in a *pong-yi-kyaung* from lack of space. The school is the usual bamboo building, but with good window space and therefore lighter than the old-style village school where the children bend over their slates in a very poor light, as I have seen, despite the brilliant sunlight outside. When there is enough money and material the Htaukkyant villagers will extend their school.

The following day, with U Ba Wan, Chief Executive Officer of the Mass Education Council, two women M.E.

officers, and two other men, I left Rangoon by train for the village of Htogyi. At the station I was charmed to find on the platform notices commanding passengers **SPIT IN SAND BOXES, DO NOT SPIT ON PLATFORM, and CYCLING ON PLATFORM PROHIBITED**—though as to this last he would have been a trick cyclist who could have cycled on that densely packed platform.

The train was all one class, third, and it was densely packed, and there was a marked segregation of the sexes. At the end of a hot and dragging hour and a half through uninteresting burnt-up country we reached Htogyi. Leaving the baggage to be piled into tri-shaws we crossed the line and walked across some wasteland to the school, where lunch awaited us.

Members of the local M.E. centre attended the luncheon and there was some vehement conversation. Upon inquiring what it was all about I learned that the villagers were asking for technicians to be sent to help them with the construction of an artesian well, as at present they had to wade through swamp to get to their water. But as with the people of Htaukkyant who wanted to get their bazaar rebuilt before the monsoon broke the people of Htogyi were told that they must take their turn in the queue of matters the central committee had to attend to. The engineers were busy elsewhere; the people must be patient—but they were as manifestly disappointed as the people of Htaukkyant. The frustration of their eagerness for immediate improvement seemed a pity.

Htogyi is a very clean village. Under M.E. inspiration they had some time ago organized village clean-up squads from the local people, from all sections of the community, burying and burning the street refuse—a shining example to such cities as Rangoon and Mandalay, such towns as Moulmein and Mergui.

After the meal there was a three-mile ride by tri-haw along a dead straight dusty road to the river. The tri-haw men were each paid twenty-five *pyas*, a quarter of a rupee, for the fifteen-minute journey.

I retraced the river with dismay. It was a long way below the bank—which was a great deal too steep to descend; indeed it was a cliff. Sloping sharply down from the cliff was

a plank of perforated iron, and some several feet below this was the ferry-boat. But what there is no help for one perforce does. We took off our slippers, and the girl of the party went first, with careless confidence. Then her colleague, a good deal older, and fat—she went laughing, as though it were a great joke, and she laughed even more at the business of getting her down into the rocking boat. I followed her, with a nonchalance I was far from feeling, and jumped down into the boat. We all boarded the boat safely—no one fell off into the clay-coloured mud.

But at the other side, of the river there was a wide expanse of soft wet mud between us and the perforated iron-plank landing-stage. The boatman and one of our party tucked up their *longyi*s and plunged thigh deep into the mud and hauled the boat up to a boat moored at the landing-stage so that the rest of us could step on to the plank. This plank bridge across the mud is very long; when it finally reaches the bank there is a small café under some shady trees and buckets of water beside a pump, where those who have waded through the mud may wash their feet and legs for a few annas. There is also a kiosk where iced drinks are to be had—the ice is kept in sawdust under a tree. Incredibly it comes in from Rangoon every day by train. We sat in the café across from the kiosk and a young man in our party went to and fro bringing iced drinks for the rest of us. If we had each fetched our own—but things are not done like that in the East.

We were now in the township of Kawa, whose wide dusty main street runs parallel with the river. The Township Officer came to greet us. He was young and had good English, so I asked him about the people. They were mostly rice-cultivators, he said; they were poor, they did not get a good price for their rice, but still they were happy. Just now there was a pagoda festival, as a new *hti* was being given to the pagoda. It had cost a thousand rupees. If I would like to see it . . . I would like, so we walked off up the street through the deep dust to where a group of young men stood playing flutes, clashing cymbals, and clapping bamboo clappers, and one young man wearing a felt hat with a *longyi* was whirling round in a wild dance, his bare feet churning up the dust, his eyes rolling. A few feet away the golden *hti* rested on a tri-shaw.

More music came from the direction of a *pongyi-kyau* lying back from the road among trees. Whilst I stood with the Township Officer watching the musicians and the dancer children came running barefoot through the dust from all directions, as though summoned by a Pied Piper. They gathered round and stood and stared at the stranger in their midst, a mass of small ragged figures with flat oval faces and black fringes. The little girls wore their hair in topknots and looked like traditional Japanese dolls. An old woman pushed her way through the children and came close and peered into my face as though I were a waxwork. Then she fingered a fold of my scarlet cotton skirt, peered at me again and smiled and said something. I smiled back, on my general principle of a smile for a smile. The girl from our party had joined us and I turned to her. "What does the old woman say?" The girl answered, "She says you are beautiful." Later, when we walked away, I asked, puzzled, "Why did the old woman say that? I am not young, and apart from that I must look strange to her." The girl said, simply, "You have fair hair, and a fair skin."

Presently a number of young women all wearing green *longyis* and white long-sleeved nylon *eingyis*—they were members of a women's welfare organization, it seemed—came out from the precincts of the *pongyi-kyau* and picked up the long ropes attached to each side of the tri-shaw. They formed into two long rows and in this fashion set off to pull the *hti* round the dusty roads of the little town, followed by the musicians, the children, and a great crowd of people. In the evening there would be *pwe*, open-air dancing, film shows, eating booths, all manner of diversions, and the next day the beautiful jewelled golden 'umbrella' would be hoisted to the top of the pagoda.

When the procession was lost to sight, in a cloud of dust down a side turning, we walked back to the middle of the main street where now two bullock-carts waited. We climbed up over the wheels and settled down among the straw on the floor of the cart, the fat lady being hauled and hoisted up with a good deal of laughter. Then we turned out of the dusty little town and headed out across the harvested paddy fields. The bullock-cart was less uncomfortable than I had expected—remembering those of the Indian jungles—but after about an hour the back begins to ache and legs begin to feel cramp.

The paddy fields in the late afternoon sunshine were like the Irish bogs, brown and gold and reaching flatly away to the horizon. There are tracks across them in all directions, as across the bogs. Even when a distant bullock-cart is itself invisible its position is indicated by a trail of dust rising like smoke in the wake of a train. There were occasional clumps of trees, oases of shade in the burning plain. Bullocks and cows grazed the stubble. The bullocks harnessed under the heavy wooden yoke trekked with their heads to the dust, their flanks continually prodded by the driver's whip. Every now and then he whipped them into a trot, which produced shaken laughter and protests from the passengers. But apart from these occasional interludes travel by bullock-cart is slow going. The three miles across the paddy fields took an hour—which earned the driver three rupees, the rate being a rupee a mile.

Hot and dusty, and with aching backs and cramped legs, we finally reached the village of Makyetkyi, where we deposited our baggage in the school building and set out to walk through the neat lanes of this extremely well-kept Mass Education village. These lanes are for pedestrians only; they are wide and raised, with ditches below them at either side, and beyond the ditches small neat bamboo houses, each standing in its own compound surrounded by trees. The trees and high hedges at the bottom of the compounds, at each side of the raised footpaths, give a good shade, and sometimes, with the trees meeting high overhead, the lanes have the effect of long leafy tunnels, their darkness very welcome after the shadeless glare of the paddy fields. The bullock-carts are confined to separate roads, which means that the people can walk the shady paths without being choked by dust; and when the rains come there are the ditches to drain the water away, so that the roads and paths are never made impassable with mud as happens when there is no drainage.

As we neared the end of the long central lane there seemed to be a great cloud of smoke, as though grass was being burnt off. When we came out into the open the cloud was revealed not as smoke but as dust. In the near distance a great crowd of people could be seen moving to and fro in the cloud of dust, and there was a hubbub of voices.

"Is it *pwé*?" I asked.

I was told, "No, not *pué*—they are digging a reservoir. They only began two days ago, and they must get it done in three weeks, before the rains come. The whole village works at it."

When we were close an astonishing sight was revealed. Every family had been allotted a plot to work on, and the plots were already two or three feet deep. The men worked with picks and shovels, and the women and children carried away the earth in baskets on their heads to form the bund of the reservoir. The men pickaxed the soil straight into the big bamboo baskets. They worked energetically and with great gaiety, laughing and talking, shouting across to each other, singing—as though heavy manual labour in the hot evening at the end of the day's work was the greatest fun and the whole thing a novel form of picnic. When people work for themselves, of course, for the communal good, it is fun. It is the first lesson of Mass Education. And everyone worked, hundreds of men of all ages, and an even greater number of women and girls and children—it was not a case of a few enthusiasts working and a crowd of onlookers. The men swung their picks and the women and children went to and fro with the baskets, laden and empty, and the dust rose like smoke against the reddening sky. They would work far into the night, it seemed, for the moon was full and it would be as light as day for hours yet.

The western sky was now one vast crimson arras, facing the rising moon, and the dust-cloud touched by the sunset became a fiery mist. The high footpath under the trees was dusky, and sealed at one end by the curtain of kindled dust, but at the other opening out into the silver-gold glow of the rising moon.

We walked round the bund of the old reservoir, choked with rushes. Women walked far out into it, along a plank, carrying kerosene cans suspended from poles across their shoulders. The tremendous sunset had yielded to the tremendous moonlight when we walked back to the school. Under an open-sided shelter hedged round with plantains and bamboo a long table had been laid for a meal. A big lamp with an incandescent mantle hung hissing from a rafter. There were many willing feminine hands bearing bowls of rice and curries, a movement of bright graceful figures up and down the

wooden steps of the school house behind, shy smiles, and quick friendly glances. All was done, I gathered, by the teachers from the school, and the women members of the local M.E. committee. There was at this gathering no segregation of the sexes; we all ate together, sitting on forms at the long table.

When the meal was over cheroots were lit, and then the head man of the village came, with the village elders, and many others, to meet the visiting M.E. officers and have their *darshan* of the stranger. They seated themselves on forms facing the table, against a background of palms and plantains. The great yellow full moon was now high in the hot dim sky and beyond the compound the world was a flood of silver, with dense black shadows.

There were a number of introductions—to the head man, and various of the committee, after which I was asked to sit at the other side of the table, "so that they can see your face". Only one woman appeared to have come with the head man's contingent. She came and sat next to me, smoking an enormous cheroot. She stared so fixedly that something, I felt, must be done about her. I asked the girl next to me to ask her who she was. I turned to her, smiling, when the question was asked. She said that her name was Ma Hla Sein, and that she was a paddy field worker. 'Hla' means pretty, and she was not pretty, but she had a droll amusing face. She offered me a puff at her cheroot. These outsize cheroots are too big to put in the mouth; they are placed to the lips and drawn on in that fashion, though how it is achieved I have no idea, for my own attempt produced a firework display of sparks, which convulsed Miss Pretty Sein and the villagers with amusement.

After this comic interlude there was no more constraint. Questions began to be asked. The girl M.E. officer sitting next to me said, "They think you are American."

I said, "Well, will you please tell them I'm not!"

She told them in Burmese, then said to me in English, "They don't understand how there can be a difference between English and American since Americans speak English. They say it is the same."

"Tell them," I said, "that English people speak English and Americans speak American-English, and it is not the same. You have been in America. You can explain this."



This, however, produced still further confusion, and raised the question as to whether all white people were English. It was a relief when someone changed the subject by asking if I would tell them something about my own country. Where to begin with that—"England is a cold wet island where it rains all the year round, even in the summer . . ." I asked that they would indicate what they would like to know about my country. The reply was that "they would like to know about farming in your country".

Fortunately, my maternal grandfather having been a farmer, it was something about which I knew a little, and a subject in which I was interested. There was amusement and a clicking of tongues when I told them about milking by machinery, and noddings of understanding and approval when I told them that farming was now so mechanized that there were not enough animals to produce manure and the land had to be fertilized by chemicals, which exhausted the soil. I told them how due to industrialization we could not produce enough wheat or raise enough cattle for our needs. I told them about the Milk Marketing Board. I raked about in my memory and produced every scrap of information tucked away there, and the woman who had been in America diligently interpreted. At the end the head man courteously asked that their thanks be conveyed to me, and now they in turn wished to entertain their visitors with some dancing done by a village boy.

The boy had been lurking at the edge of the circle of light for some time, a small child whom I had taken to be about seven years old, but who was in fact ten. He wore a *longyi*, and his face was covered with *thanaka*. Two older boys provided music, with a flute and bamboo clappers.

With astonishing self-possession the young dancer hurled himself forward into the light and gave a very remarkable performance, in all respects similar to that of the young man who had danced in the street at Kawa, even to the grimacing and the rolling of the eyes. It was a quite astonishingly adult performance. I asked where he had learned it all and was told that he simply imitated. I had seen some very remarkable dancing in Rangoon by a troupe of pupils, both boys and girls, from the Mandalay School of Fine Arts, and I said

that I felt that this child seemed to have sufficient natural talent to warrant his being trained there. I was glad to learn that this was a probability. It was far too sophisticated a performance, and in some respects unpleasant—the leering and the eye-rolling—but considering that he had had no training whatsoever his inventiveness was amazing, and he had a flawless sense of rhythm.

After the dancing the party broke up, the villagers drifting away through the moonlight and shadows. I promised to take some photographs of Ma Hla Sein in the morning.

We had been accommodated in the schoolroom, we three women up one end, and the men at the other end. A mosquito net had been draped over a low platform, upon which we spread our bedding—though the bedding roll I had borrowed contained no mattress; it was only a cover in which to encase a blanket and pillow. Fortunately by that time I was quite used to sleeping 'hard'.

As soon as it was light there was a chanting of scriptures from the men's end of the room, and we females stirred from under our mosquito nets, took towels, crossed the bare boards of the floor to the staircase, where we thrust our feet into slippers, went down the stairs and across the rough grass to the bamboo enclosure and the water pots. In the night I had thought it was raining, from the continual pinging on the corrugated iron roof; in the morning I realized that it was the 'continual dew', which was still dripping with loud pings in drops as big as acorns.

We broke our fast with fruit and coffee at the long tables in the open-sided shelter where we had eaten and received the villagers the night before; then it was decided that we should walk across the fields to visit a man who had 'built a house from flowers'.

"Let us go," said U Ba Wan, rising.

I was a little worried.

"I arranged to photograph Ma Hla Sein this morning at eight," I said, "and it's now ten to."

"That is all right—she will be here."

"I expect so. But if we go now I shall not be here."

"She will wait."

"Shall we be long gone?"

"Two or three hours, only."

I went off with the party, wondering what would be considered a really long wait.

We walked up shady pedestrians-only lanes, and called in at a handweaving centre, where we sat on the floor and drank tea and looked at *longyi* lengths and the square fringed bags with long shoulder bands which are used by both sexes throughout the Union. A few purchases were made and we went on again, emerging from the cool dark alleys of the lanes into the shadeless glare of the fields, dry brown stubble where the paddy had been harvested, emerald-green in patches where there was ground-nut cultivation.

The man who had 'built his house from flowers' had a garden full of flowers—asters, cosmos, pink and blue larkspur—and a banana grove, and a bamboo house on stilts, set about with palms and pappas, and once again we left our slippers at the top of the steps and mats were unrolled for us in the big room off the verandah and we sat on the floor and drank green tea and ate bananas of a sweetness and lusciousness which made them seem quite unrelated to the lifeless stodgy bananas bought in shops far away in the West. Great gourds were suspended from the ceiling—as a protection against thunderstorms, I was told. When we left we were shown our host's cowsheds, scientifically constructed—under M.E. influence—with slightly sloping cement floors to drain the urine away. Then back across the shadeless fields, plucking ground-nuts here and there and cracking their soft white shells, and back to the school-house—where Ma Hla Sein waited, in her best *longyi*, a flower in her hair, and an enormous cheroot between her lips.

There was the usual mid-morning breakfast of rice and curries, and then in the heat of noon another trek by bullock-cart across the paddy fields to Khamegalay, a village where there was a loud-speakered sound-and-fury signifying that a *shinbyu* was in progress. The *shinbyu* is the feast of a boy's initiation to the monastic life—for a minimum of ten days, for years, or for life if he has the vocation. Although it somewhat suggests the equivalent of confirmation in the Christian Church it is in fact a baptism, when the novice—*shinlaung*—

takes the equivalent of a Christian name. In devout Buddhist families the boy remains at the *kyang* for the whole of the long Buddhist Lent—for about four months, that is to say. It is a tremendously important occasion in the family when a boy is ready for his initiation. Usually it takes place in adolescence, but it can take place at any age provided he can recite the prescribed passages from the scriptures, and it is common in families for a number of boys to have their *shinbyu* at the same time, to save expense. In villages, where the people are very poor, several families will combine; even so it is a great expense, for many friends and relatives must be fed on these occasions. To give a *shinbyu* for orphans is a way of acquiring great merit.

The boy is dressed up in fine clothes and jewellery, symbolic of the luxury in which the prince Gautama lived before he renounced the world, received Enlightenment and became the Buddha: his face is powdered with *thanaka*, he wears a special glittering head-dress, decorated with tinsel flowers. He wears rings on his fingers, gold chains round his neck. He is altogether as splendid as his circumstances permit. If the family is poor and cannot raise much jewellery for the occasion relatives and neighbours lend it; at all costs the boy must be splendid—as he has never been before in his life, and never will be again, even on his wedding day. He is so splendid that he is not even allowed to set foot to ground—like a girl at her ear-boring festival, another important but nothing like so splendid an occasion. The boy is set upon a horse, or in a finely decorated car—in towns it is usually a car, or even a lorry—and taken on a round of calls to relatives and friends, and persons of importance in his village or town; ahead of him goes a band, and young men dancing and singing, on foot in villages, in towns—as I have seen it in Rangoon—in decorated lorries.

When all this is over he returns to his parents' house, where the head of the monastery to which he is to be admitted sits on a dais with other elders of the brotherhood. The monks hold their fans before their faces to shield their gaze from the women present—who are all wearing their gayest silk *longyis*, all their jewellery, and flowers in their hair. The scriptures are chanted, the boy makes his obeisances to the *pongyis*, removes his fine clothes and wraps himself in plain white

cotton, and submits his head for the cutting-off of his hair and the shaving of his head, which is done by a male relative. His mother and sisters treasure the hair—his mother may even wear it to add bulk to her own hair. After the head-shaving comes a bath, and then the boy puts on his finery again and presents himself to the chief *pongyi*, prostrating himself three times before him, in the accepted manner of obeisance before a holy man, and in the correct Pali formula asks to be accepted, his hands clasped in supplication. The head of the *pongyi-kyaung* then hands him the yellow robes and the begging bowl, and the other accessories of a *pongyi*, which the parents have laid out in readiness. When he is robed it is formally announced that he is a member of the *kyaung*, the chief *pongyi* gives a short address, and then all the *pongyis*, of whom the boy is now one, leave the house and walk in procession back to the monastery. Then the family and guests rise from their obeisances and proceed to make merry, with music and feasting; and sometimes there is *pwé*.

At the *shinbyu* I attended the boys were very young, not yet adolescent. The *shinbyu* was being given by their grandfather, who was having them all done at the same time—on the principle, as someone irreverently suggested, that it was 'cheaper by the dozen'. One of them appeared to be not more than six or seven years old, a tiny little mite with a whitened face and arrayed like a little fairytale prince. When we arrived they were all carried down the stairs from an upper room and sat upon a silk-draped sofa. They wore pink *pasoes* and elaborate beflowered head-dresses, and white socks. They all looked extremely solemn. A great crowd of people sat on mats on the floor, the loud-speaker blared Westernized Burmese music, fans were distributed, green tea and bananas and biscuits brought; photographs were taken. The front of the house appeared to have been removed for the occasion, at least in the main ground floor room. So many slippers had been left on the verandah that on leaving it was difficult to know one's own.

We stayed long enough to pay our respects to the occasion, admire the splendour of the candidates, and refresh ourselves with the plain tea. It was odd to think that these powdered and jewelled little princelings would return to that house in the early morning of the following day, with the other *pongyis* on

their rounds, no longer the fêted grandsons of the house but silent monks with shaven heads and downcast eyes, begging-bowl in hand. It must be strange to be a mother abasing herself to the ground before a little *fangyi* son--tremendous pride and love must enter into that gesture of profound respect and humility, the traditional *shille*, made kneeling low on the ground and bowing three times with the forehead and the palms of the hands touching the ground. Such obeisance is made before the Buddha images in the pagoda shrines, and it is made by children to show respect to parents, uncles, and aunts; it is always made to holy men, and commonly made by women when giving food to *fangyi*.

After an inspection of some adult classes, followed by a meal in a bamboo house, and a short rest in which we drank plain tea, and those who wished to smoked cheroots or chewed *pan*, we climbed back into the bullock-cart, our next stop a visit to the community centre and a *fangyi-kyau*. At the monastery we paid our respects to an old, old *fangyi* reputed to be over a hundred years old, a frail little old man all skin and bone who could barely raise himself on his mattress to regard the visitors who knelt before him and made their obeisances. Outside in the brilliant hot sunlight children raced about and young men and girls of the literacy classes assembled under the flowering trees of the compound for yet one more group photograph. The old man in the yellow robes lay on his mattress on the floor of the dark bamboo room of the *fangyi-kyau*, panting with the slightest exertion, every movement an effort, even words seeming to come with difficulty from the sunken toothless mouth, and how could it be of any interest to him, I thought, who we were or where from or what we said, we who belonged to that land of the living from which he seemed already to have departed, so almost extinguished was the spark of life in him. Did he feel any communication, I wondered, with those who had still a long way to go along the long road he had already travelled? Surely it is horrible to be so old, outliving everything but that feeble spark of lingering life.

Coming out again into the external brilliance, I looked up at the window of the bamboo house and saw that the old monk had raised himself slightly and was peering out. . . . I do

not know why he seemed so lonely and pitiful, the poor old man, for in Burma the old are loved and venerated, and cared for without anyone thinking it in any way a burden. Nowhere in the East is there that callous impatience of the old characteristic of the West. But great age is lonely—it cannot be otherwise—no matter how much loving care surrounds it.

The final photograph taken, we set out in the bullock-cart once more, back across the paddy fields to Kawa. We arrived in the heat of mid-afternoon and spent some time sitting on the comparatively cool marble floor of the pagoda drinking iced drinks—made possible by the fact that the *pwè* was to open that night and crates of bottles and the ice from Rangoon had fortunately already arrived. A few other people similarly sheltered from the heat in the shade of the pagoda; they merely sat, as we did, waiting for the heat to pass, as though it were a shower of rain. The bullocks were taken into the shade of a banyan tree, and nothing moved in the glare but the inevitable gaunt pariah dog. It was not cool at the foot of the Buddha shrine, but at least it was out of the sun and glare, and there were stone slabs against which the back, aching from the bullock-cart jolting, could be rested.

When we went on again, the bullock-cart went ahead with our baggage and we went on foot. For a time we skirted a wide *maidan* where bullock-carts, their shafts upturned, stood in a semicircle in anticipation of the *pwè*. Far away in the distance, on a misty hill, stood a pagoda. U Ba Wan suggested that we might walk there, to the village of Phalay; it was about five miles away, he thought. I declared myself quite willing, since there and back would be only two and a half hours' walking, and even allowing for time to visit the pagoda we could be back before dark; but there were no other offers, and the idea was abandoned—or, rather, postponed until tomorrow. It seemed that if we left by bullock-cart at five-thirty in the morning we could be there and back in time to reach Rangoon by mid-day. That was the plan, but it did not work out like that.

In the meantime there was Kawa, so deep in dust that it seemed made of it, the trees white with it at either side the wide unmade main street, and the similarly wide unmade side streets each a miniature desert of dust. A continual traffic

of bullock-carts and bicycles and an occasional lorry kept a fog of dust perpetually drifting on the hot air. The dust was so deep that it was easier to walk in it barefoot; it was hot to the bare feet but bearably so.

We came eventually to a tall three-storey house lying back from the road across a dusty garden. It belonged to some Chinese people, but our host and hostess had only just returned from a journey and they were either too tired or too busy to see us. We had been allotted an enormous and completely empty room at the top of the house. We deposited our baggage and bedding-ticks, the men's at one end of the room, the women's at the other. Then we unpacked a little, hanging clothes and towels on the wire line stretched the length of the room. Our clothes were so wet with sweat that they clung to our bodies like wet bathing suits.

When we had cooled down we went out one by one on to a verandah at the back of the house and poured water over ourselves, the water running away through the slats of the flooring. Then we trekked out into the dust again to go to another house to eat. We sat on the floor, our backs to the wall, in a long row, our feet tucked up under us, as etiquette demands, and with our fingers ate rice and curries from mats of banyan leaves spread on the floor before each person. When we had eaten our fill the banyan mats were cleared away, plain tea was served in little bowls, and cheroots lit. The room opened its full length on to a verandah, so that as we sat it was possible to see out into the broad street, the white dust now all one with the tremendous moonlight. There was an unending procession of people, laughing, talking, singing, on their way to the *pué*, on foot and in bullock-carts, moving shadowily through the mists of dust swirling and wreathing in the silver light.

Presently there appeared on the verandah young men with brimmed hats and khaki shirts, cartridge belts and guns; the police, it seemed, had arrived. The Township Officer tucked a revolver into his belt and we were off to the *pué*. . . .

The *maidan*, so empty in the afternoon, was now crowded with people thronging the aisles between the food-stalls and sitting on mats in the huge space before the open-air theatre.



The police inspector made a way for us through the crowd and conducted us to a low dais, so that we should not have to sit on the ground. This attracted a good deal of attention from the crowd, diverting their interest from the island of light that was the stage. They gathered round, as they had done at the reservoir at Makyetkyi, and stared at length and with great curiosity.

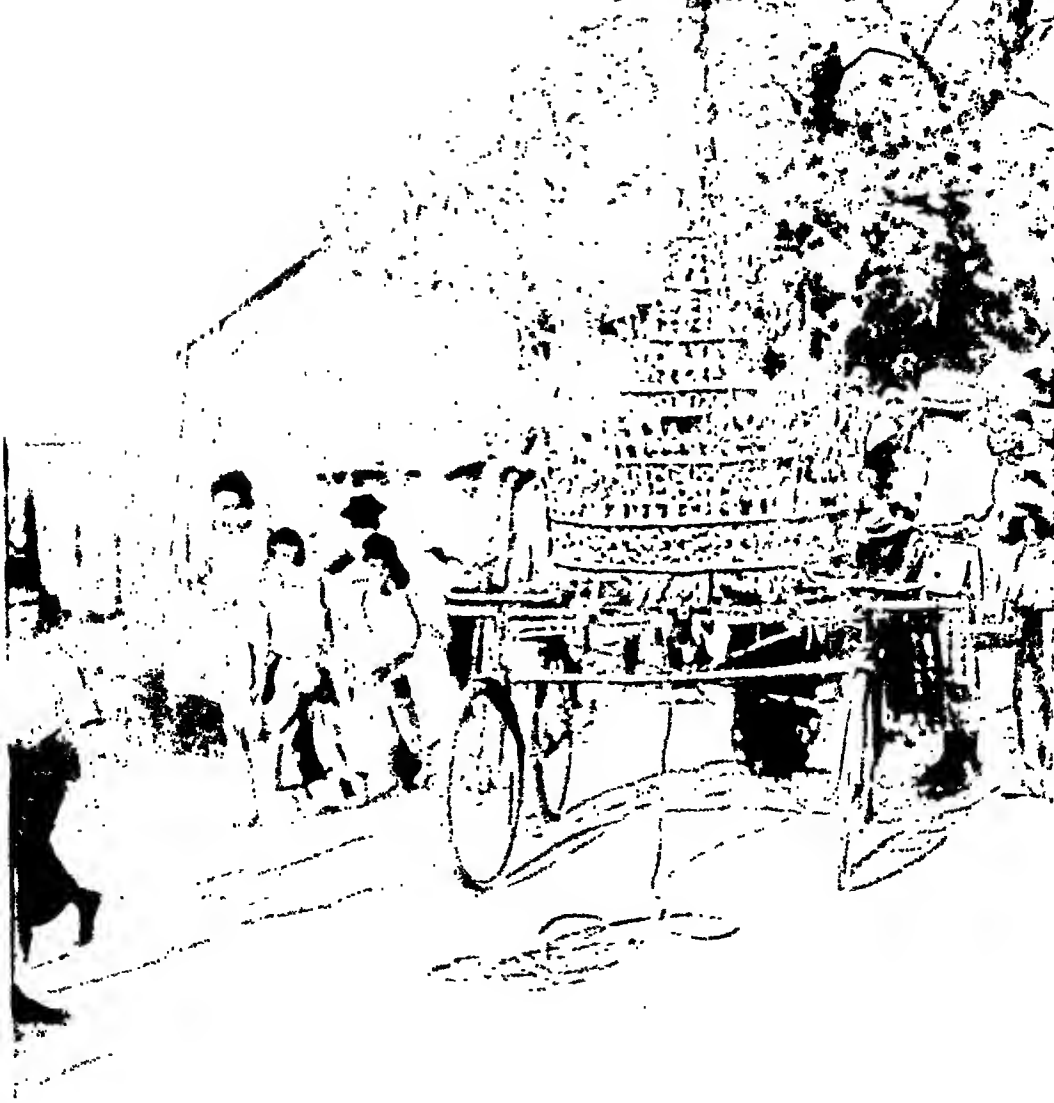
Uniformed men moved about among the vast crowd examining with electric torches the mats on which people sat. They were, I was told, the fire-guard. What makes one bamboo mat more inflammable than another I never discovered.

It was endlessly fascinating sitting there under the tremendous full moon, alternately watching the distant square of brightness of the stage and the rapt moonlit faces of the people, faces that laughing or serious were always intent. Beyond the great mass of people the paddy fields were like a calm silver sea in the moonlight.

Somewhere around two o'clock, the moon still high in the sky, we left the seated crowd and joined the throng milling between the food-stalls, and came out to the edge of the *maiden* where there were open-fronted cafés, and long wresle tables with benches set out in the open. We sat at one of the tables and drank plain tea and ate some kind of fish—prawns perhaps—which we dipped into chilli sauce. Then, although we had to be up again at five, retraced our steps across the *maiden* and through the deep dust of the street to the big empty room at the top of the three-storey house.

The windows of the house were low and came down to the floor, with iron grilles across, so that lying on the floor it was possible to see out into the street. Nothing moved in the moonlit dust except an occasional slinking dog. Nothing moved until the bullock-cart came soon after five, when the moonlight was withdrawn and the sun not yet arrived and everything was held in a grey half-light that if not exactly cool was at least breathable.

In this grey light we climbed back into the bullock-cart and set out for the village whose hilltop pagoda five miles away was like a beacon.



New *hti* for the pagoda, Kawa, Pegu district



Author at a bamboo house of poor people, near Rangoon  
(Photo by David Maurice)



Author with the head man's niece, at Phalay, Pegu district

Although the village was reputedly only five miles away across the paddy fields it took us two hours to reach it by bullock-cart. Its pagoda, dark upon a hill top that seemed merged with the horizon, was sometimes to the right, sometimes to the left, as the track twisted and turned, but for a long time curiously never nearer. At that time of the year, just before the monsoon, when the paddy has been harvested and the cattle graze the hot dry stubble, the village is an oasis in the middle of burning golden desert, for the paddy fields encompass it on all sides. There are no roads to it or out of it. Only the tracks made by the bullock-carts across the paddy fields from the next village, which is a similar land-locked oasis.

The hooves of the bullocks and the wheels of the carts have worn deep ruts each side of the tracks, and the loose dust flies up like smoke. At various points across the wide plain long trailing coils of this dust weave tenuously through the heat haze like smoke from invisible trains as the carts lumber along the tracks. The yoked beasts plod on, their heads down to the dust raised by their feet, their gamut flanks continuously under the flick and prod of the driver's whip. Sometimes they are flicked and prodded into a short ambling run; then the cart creaks and bumps and the passengers squatting on the straw laugh or groan in their discomfort. It is as though the journey across the shadeless plain has had no remembered beginning and can have no imaginable end.

Then, blessedly, there is the sudden brilliant green of patches of ground-nut cultivation, and now, only half a mile or so distant, tall thin hedges of bamboo. The pagoda hill is no longer visible; we have at last moved in under it. We have come to the village.

We enter it along a narrow lane between the tall bamboo, which in places arches it over. The greenness and the shade after the dry stubble and the glare create an illusion of coolness. There are flashes of scarlet flowers asserting themselves among the bamboo. Sometimes the bamboo gives place to palisades of tall straight cactus, sultry with dust. Bamboo houses stand away from the dust of the lane, withdrawn into the privacy of small compounds, shady with palms and banyans and koko trees. Small naked children run to the gates of the compounds to see who comes. Dogs run out barking.

The lane emerges in an open space where market women squat among their fruits and vegetables at the foot of a big old koko tree decked with fluffy pink flowers. A rough road climbs gradually to a steep flight of dark brick steps, overgrown with weeds and wild flowers to the base of the pagoda hill. We leave the bullock-cart and go on foot along this road. We have been met and refreshed by the village head man—who is young and very good-looking—and various elders. I do not remember seeing the child until I was aware of her standing beside a crumbling guardian lion on the pagoda hill.

She wore a clean faded floral *longyi*, and her little oval face was heavily covered with *thanaka*, so that it was as though she wore a white mask. She wore her hair in the traditional manner, with the circular fringe and topknot, and decorated with artificial flowers, both pink and white, the pink ones silver-tinselled, the white ones equipped with gold leaves. She wore diamond ear-rings and a finger ring of what looked like—and probably was—a Môgok ruby. I posed her for a picture against the crumbling *chintle* at the top of the weedy steps and thereafter she was mine.

Thereafter she gathered flowers for me, and held her gay painted sunshade for me against the sun. We made a difficult journey with the sunshade for she could not hold it high enough, since she was scarcely as high as my heart, and it caught continually in my hair so that I must needs walk with my head bent. She conversed animatedly in Burmese, and I replied diligently in English. That we neither of us knew the other's language was of no consequence. We understood each other quite as well as many people who converse in the same tongue. We comprehended all the essentials—a mutual admiration, curiosity, sympathy, liking; and friendship grew with every step, ripening in a mango-shower of goodwill.

She conducted me by a series of green alleyways of short cuts back to the village, chattering all the time, holding the sunshade high—for all it was so impossibly low—taking long strides to keep up. In the bamboo house of the head man, her uncle, we were refreshed with coffee followed by green tea. When I went off to wash my dusty feet she came with me and insisted on doing it for me, small fingers deft with soap and dipper and towel. She watched with rapt curiosity when I

unwound the plait of my hair and rewound it round my head, and re-powdered my face. Back in the main room of the house she squatted happily beside me on the bamboo mat on the floor, quite unaware of the amused smiles her devotion was arousing in the women among whom—with characteristic Burmese sex-segregation—we sat.

She was all devoted attention. Did I wipe the sweat from my brow she immediately fanned me. Did I replace the bowl of tea as too hot for immediate drinking she immediately set to work to fan the tea to coolness. Before I had completed the last mouthful of biscuit she was handing me another. She fingered my wrist-watch and the hem of my cotton skirt, permitting herself the small intimacies that friendship sanctions. In turn I indicated by touching them my admiration of her ear-rings and her ring.

Immediately, then, she was suddenly earnest, no longer lightly prattling. Something important was being stated; something urgent; something demanding translation. The women all round were now laughing outright. One of them interpreted.

"She wants to give you her ear-rings and her ring, because you have admired them."

I was dismayed. "Tell her," I said, "that I cannot take them—that it would not be right for me to take such valuable things."

The woman, still laughing, translated to the child. And instantly the eager light went out of the small face and the dark eyes glowed with tears. Her reply was urgent, insistent.

There was more laughter and the woman who interpreted said, "She says she wants to give them to you because she loves you!"

Now it was in me that the desperate need to be understood worked, straining taut along an edge narrowly emotional.

"Tell her," I besought, "that it would not be right for me to take from her what has been given to her. But she may give me a flower from her hair, so that I may wear it in my own and remember her always."

"You express yourself very poetically!"

"Words are my trade." The human heart, too. But this

I could not say. The child's face was lifted to mine and the dark eyes beseeched.

"Tell her," I begged.

Amused, the woman interpreted and immediately the child's tensed body relaxed as her hands went up to the gold ring encircling her topknot. She removed the ring with the flowers attached and laid all in my lap. I separated the flowers, taking a spray of the white and a single blossom of the pink, and proceeded to secure them in my hair. Instantly she was kneeling up beside me, her small fingers weaving among the strands of my plait, and when all was arranged to her satisfaction she replaced the gold ring and the rest of the flowers in her own hair.

Everyone was very amused, but what was between the child and me was secret and inviolable, and a child knows these things, inhabiting its own private world, beyond reach of adult insensibility. Now the child was content and her hand never left mine, which it found secretly among the folds of my skirt as we sat together. Now her eyes were shining again, her face eager. My mind searched among the few possessions I had with me, for something to give her, and rejected them all. I, too, was possessed of gifts I was not free to dispose of.

And now the last cups of tea were swallowed and it was time to go. Outside in the hot bright sunlight the bullocks were being yoked again to the cart. We went down the steps together, the child with my camera and her sunshade in one hand, her free hand clutching mine. She stood with me by the cart, holding the sunshade over me, its prongs catching in my hair, to the end.

Then I bent and kissed her on both cheeks and there were exclamations of laughter, but the child did not laugh, and what she said she said gravely. But I do not know what it was, and I shall never know, only that in one form or another it was good-bye.

I followed the others up over the wheel into the cart and we moved off through the heat and the dust. Everyone smiled and waved and said 'Come again'. The child stood in the front of the crowd. She did not smile or wave or speak. Only stood there, very straight and small, watching the cart slowly disappear into the green tunnel of the bamboo.

(XVII)

THE DELTA: BASSEIN, WAKIMA  
AND MAUBIN

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BEFORE I left London Ram Gopal had said to me, "Try to visit my home town, Bassein, before you leave Burma. You will find my sister there, Jasswang Sahgal. Just ask for 'Daw Jessie'—they all know her."

I made a note of the name but said that I could not promise to include Bassein in the itinerary. Bassein is in the Delta, and it did not fit into any program that the Attorney-General had in mind for me, or any independent plan; and no historic or religious interest attached to it. There seemed no reason for going there.

But back in Rangoon Francis Story reported to me that in my absence a charming little old woman had come into the bookshop he runs in connection with the Burma Buddhist World Mission and introduced herself to him as Daw Jessie, sister of Ram Gopal. When he had told her that I was in Burma, and that I was a friend of her brother's, she became very excited, for it seemed she had read some of my early books years ago in India, and from my early autobiography formed a great admiration for me, without ever expecting that our paths would cross. But now that she had left her native India she found herself in the same country, the same city. She had insisted that when I returned to Rangoon I should be brought to the house where she was staying. Moreover, I had got back to Rangoon just in time to meet her, for she was returning to Bassein the following day. From the point of view of the working out of *karma* it was all very interesting.

We went to see her and I found a small sweet-faced elderly woman of great warmth and vitality; she talked animatedly about her famous dancer brother, about my books, about her conversion to Buddhism, and finally insisted that we should go to Bassein for the week-end—where we should stay was not





Francis had called upon the family of an old friend, and I had been carried off by an Anglo-Burmese woman to meet some nuns at a convent—an Irish nun, and an English nun, and a French mother-superior. They had sweet faces and were full of warmth and friendliness and excitement, and the Irish, the Lancashire, and the French accents came strangely in that atmosphere of palm trees and heavily scented flowers. Then it was all over, the desultory conversations and the eager ones, and the heat of the day, and the going to and fro in cars; now only the wind along the river, the tilt of masts, the lap of water, and a communion that blessedly dispensed with the need for words.

The sun sank, drawing the swift twilight down after it, and we strolled along the waterfront where in small hooded boats men sat eating by the light of a single candle. There would be the play of the dim light on a brown body bare to the waist, and a sense of mystery where in fact was none. Dogs curled up in odd corners, in the deep dust of the gutters, and against the stacks of firewood unloaded from the ships. A boy sat in the shadowy interior of a café plucking a thin sweet music from some stringed instrument. There was that rare feeling—if only it were possible to make time stand still, with neither return to the known or going forward to the unknown.

The next morning there was a river party being given as a send-off to the D.C. who was leaving Bassein, and we were invited to join it. At the landing-stage I was reminded of the river trip from Mandalay to Mingun, so gay were the assembled *longyis*, so thickly had the *thanaka* been applied, so festive were the female heads of all ages with jasmine and roses and frangipani. So large was this party that two launches had been lashed together to provide accommodation for everyone. The women and children were disposed to congregate mainly in the cabins on the top decks, though some of them sat on the deck in the bows, below, shielding themselves with the handsomely painted sunshades for which Bassein is famous. The men were inclined to sit about on chairs outside the cabins, or lean against the rail; when they got tired of looking at the scenery they went into the cabins and sat on the floor and played cards. Servants were kept busy bringing trays with clinking glasses of whisky-and-ice. . . .

The scenery was unremarkable, but it was pleasant chugging along between the paddy fields, where small white storks, the 'paddy birds', decoratively perched on the ridges, and past narrow creeks fringed with the wide ragged leaves of wild bananas and plantains. Men fished from long narrow boats with brightly painted prows. Villages of bamboo houses huddled among plantains and palms. There were white and gold pagodas, their spires as slender as the palms that surrounded them. There were mangrove swamps with grotesque roots dripping with slime thrusting out over the mud of the foreshore. Wild blue water-hyacinths drifted in mid-stream on their clusters of broad flat leaves. The narrow creek which it had been intended to include in the trip was omitted and our course changed, as news had been received of insurgents shooting at a boat which had gone down there. Potting at boats in narrow creeks was as popular with insurgents, it seemed, as potting at cars from the scrub at the sides of roads. Nothing much happened, apparently, when boats were fired on; the passengers were warned to take cover, but as the boats were invariably taken by surprise it could be dangerous. A number of the river boats carried bullet marks on their sides.

At the small village of Wakima we tied up and some of the passengers, including Francis and myself, went ashore. But it was very hot and shadeless, and only the two bareheaded Europeans went any distance. "Mad dogs and Englishmen . . ."

The water was pale blue and smooth as silk, and seemed to fuse with the pale blue of the heat-misted sky. At the other side of the water the land was a strip of bright green. There were boats with lateen sails, like huge white butterflies. We went on for some distance, the hot sand burning our bare feet, but it seemed better to walk barefoot than have the sand forming a thin layer of grit inside one's slippers. We came to a deserted *pongyi-kyauung*, and near it a large Buddha image under a shelter whose roof was now the merest trellis over-grown with wild vines. Tall cacti and bushes of dusty thorn grew all round, and behind was a tangle of jungle. Not far from this abandoned shrine another Buddha image crumbled in a brick shrine which was in process of being swallowed up by the thick aerial roots of the great banyan tree at whose base it had been erected.

Whilst we were examining these ruins a number of youths

from the village emerged from all directions and stood watching. They all wore faded cotton *longyi*s, and one of them, bare to the waist, completed his outfit with an old felt hat. We smiled at them and thereafter they escorted us wherever we went. That the white man should be wearing a *longyi* was no doubt puzzling enough, but when he made his obeisances before a Buddha shrine which was in use their astonishment must have been complete.

There were excitements in Bassein. A Japanese ship had moored in a berth which had not been used for a long time and was in trouble. I was never clear what it was, but it kept the river pilots out of bed all that night and until the early hours of the morning.

And then early the following morning insurgents shot up the pilot-cutter as it was returning to Bassein along the creek we had avoided as dangerous some fifteen hours earlier. I was beginning to feel that an encounter with insurgents would be welcome, instead of arriving, as I seemed to, the day or a few hours after they had left—or vice-versa.

A few hours after the shooting up of the pilot-ship Francis and I passed the creek again in the steamer for Rangoon. We looked hopefully along the narrow water-way.

He expressed my own thought.

"It would make a nice piece for your book if only they'd take a pot at us."

But that sort of thing was clearly not in my *karma*. The river was peaceful to the point of dullness. Peaceful *pongyi-kyauangs* nestling among trees, in accordance with monastic law—trees to give them shade, and seclusion from the world, and to provide them with fruits—jack-fruits, coco-nuts, bananas, the cooling tamarind. Peaceful villages where women drew water from the wells and men attended the fishing-traps, contraptions of bamboo and cord set at the water's edge. Peaceful pagodas glittering between their tall palms. And always the floating flowers, beautiful drifting weeds broken loose from the creeks where they sometimes formed so thick a carpet that the water was completely concealed.

Serene and beautiful it all was, but after a few hours monotonous. Also the heat, as the day wore on, became such

that the scenery would have had to have been very exciting indeed to make it worthwhile moving away from the vicinity of an electric fan. I suppose if anyone had told either of us that we could spend eight or nine hours in a small hot cabin with conversation as the sole amusement we should both have been sceptic; but thus it was, and by the evening there was still more to say—and the satisfactory feeling that there would always be more to say.

We tied up at Maubin for the night and the two Europeans went ashore.

It was near sundown and the red dust was rising from the unmade streets in a red-gold haze. Maubin is notorious for its mosquitoes and all the windows are covered with perforated wire shutters, but it is a pleasant enough little town, with avenues of tall palms along its waterfront, wide avenues with houses set back in compounds thick with trees, the usual crowded bazaar streets, and food-stalls lining the walk up from the quay. There are some Western-style shops with glass windows. In the forefront of the window of a tailor's there was the dummy of an incredibly foolish-looking young man with a staring, determined do-or-die expression. With *longyi* and *eingyi* he wore knotted round his throat a heavy black and white check woollen scarf, such as a ski-er might wear, and the whole surmounted by an aggressively smart felt hat set at a rakish angle.

When we had recovered our equanimity after this startling encounter we continued on our way to the pagoda, where we sat on a stone bench at the side of the covered way up to the shrine. It was pleasant sitting there watching the people pass, usually in twos and threes, talking and laughing, the young men with their narrow hips and straight backs, the girls with flowers in their hair and themselves like flowers in their bright *longyis*. At the end of the covered way there were small lights, secret and beautiful, in the dimness that shadowed forth the great Buddha image. The people moved silently on their bare feet, and their voices were no more than a light brush of wings in the stillness, soft as the cooity-coo of pigeons somewhere out of sight.

We sat a long time in the peacefulness, till the sun went down and the moon came up. Then through the arches at each side of the path tall palms emerged suddenly black against the

sky, and the broad strips of green silk of the bananas and plantains dripped with moonlight; dripped and glistened with it, as though it were silver water. There were jasmine bushes somewhere near, filling the air with a heavy sweetness. All round people lay sleeping on bamboo mats on the warm tiles. Pariah dogs curled up on the trestles used in the daytime by the pagoda flower-sellers. And always the shadowy, candlelit life going on in a kind of pagoda hinterland, in cave-like recesses behind the shut-up stalls, blending the smell of frying with the scent of tuber-rose and the jasmine.

The lights round the shrine went out, and all was darkness, with deep shadows laid about the tremendous moonlight, and there were no people any more. It ought to have conveyed something to us that the lights were extinguished and that the procession of people had finished, that the silence and the moonlight were new ones. But it was only when the dogs on the nearest trestle began to pick a quarrel, snapping and snarling at each other, that we felt we had sat there long enough and got up and walked away, coming out into a world emptied of everything but the moonlight and the shadows.

We walked back through the deep dust to the landing-stage. On the steamer and its flat there was a dull glow of light, and with the sight of it came a memory of the heat on board. It would be impossible to sleep in that heat; and it was anyhow too early for two people so nocturnal. By mutual consent we turned and walked along by the water, heading for an avenue of palms, in the opposite direction to the one we had taken earlier. There were a great many dogs wandering about, muzzles to the ground, but no other sign of life. People in these parts, we thought, went very early to bed. . . .

Then we realized that they had not gone to bed. There were lights visible through the cracks of the small bamboo houses at either side of the unmade road. The houses were some distance apart. From the first, as we passed, came the sound of bamboo clappers, such as are used in orchestras. This had no significance until a few yards farther on, passing another shut-up house, the sound was repeated. Then it seemed odd—like a signal. We came to cross-roads, white and mysterious in the moonlight, wide dusty roads with dark crowding palms and the occasional hut of a house, stretching in four directions.

From a house on one corner a man's voice shouted, unmistakably challengingly. We stopped, then, startled, uncertain. Francis answered in English, "We are from the ship."

No one emerged from the house from which the voice called, but the clappers continued to follow us from house to house as we went on, and presently another voice challenged—more sharply this time. It was eerie walking in the white moonlight in a world which seemed inhabited only by prowling dogs and watching, hidden, suspicious people. Once a dog, taken by surprise, scurried from under a thorn bush beside us, snarling and yelping, and suddenly the stillness was splintered by barking and howling from all directions, far and near. It was horrible, as though a pack of jackals had been started up. I found it unnerving and suggested that we should go back, but my companion declared that there was no need to behave like Hansel and Gretel in the haunted wood just because a few dogs barked.

So we went on, and presently we were beyond the houses and the following signals, and there was only a moonlit emptiness of paddy fields, beyond the fringing palms, at one side of the road, and the molten silver of the river by which we walked. We came to a sacred tree enclosed behind palings, with a lamp like a street-lamp suspended above. A little farther on there was another sacred tree, girdled round by a wooden ledge on which offerings could be placed. It was a *Nat* shrine, the spirit reputedly dwelling in the tree. Near it was a landing-stage, with a roofed shelter. A number of boats were moored along the bank here, each with a candle burning under the hood. In the uncovered prows men slept, without protection from mosquitoes.

We sat on the planks of the landing-stage, dangling our feet above the water. The mosquitoes were apparently busy elsewhere. We discussed rebirth and the continuity of life and the relentless logic of *karma*. Our voices disturbed the sleeper in the nearest boat and he roused, uneasily, raising himself on an elbow and peering through the moonlight; but when he had reassured himself of our harmlessness he settled to sleep again. To many of the fishermen of the rivers these covered boats are their home.

When we finally walked back the clappers followed us from house to house and the dogs darted from point to point in

the empty moonlight, but those who watched us unseen no longer challenged.

The steamer, when we reboarded it, was quite as hot as we had remembered it. How the deck passengers slept on the bare boards immediately above the furnace of the engine-room seemed miraculous—men, women and children curled up among their bundles and pots. There were a number of soldiers, and *pongyis*, the robes of the latter brilliant in the moonlight. The broad shining highway of the river melted into the sky at some point in infinity. Narrow creeks meandered into eternity through high jungles of bamboo. Weird shapes of roots and branches, dripping with slime, lifted almost sinisterly from the mangrove swamps. The white spires of pagodas floated with the quality of mirage in the translucency. The moonlight seemed liquid on the broad fronds of the plantains at the river's edge. There was stillness without silence. A voice talking on the flat went on endlessly; there was the chugging of an engine. A shadowy figure fished with a rod and line from the side of the flat, symbol of human patience and hope. Creeks and river and paddy fields were light as day, but it was a light suffused with the unreality of dream. When the moon went down it was as though night had come. And then suddenly it was dawn with a rattling of chains, a commotion of shouting, a ringing of bells.

Sometime during the day we learned that Maubin had recently had insurgent trouble and there was a nine o'clock curfew.

There was a great display of forked lightning as we approached Rangoon in the evening, though there was neither rain nor thunder. Rangoon from the river looked big and straggling, spangled with lights, with here and there the blaze of neon lights. But remote from all the garishness, and high above the crowds and shrill clamour, the Shwe Dagon Paya glimmered like a huge golden bell against the ominous sky. Beautiful the moonlight at Maubin, and the white sails at Wakima in the blaze of noon, beautiful so many things in this land which wears the Irrawaddy on its bosom like a golden necklace; but the Shwe Dagon remains incomparable, and to see it again at a journey's end is to experience a lift of the heart and a sense of homecoming.



(XVIII)

*THE SOUTHERN SHANS: TAUNGGYI  
AND KALAW*

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STEPPING out of the 'plane at Heho airfield into the comparative coolness of the Southern Shans was as much of a 'shock' as stepping out of the 'plane on to Mingaladon airfield had been when I first arrived in Rangoon. Then I had forgotten what real heat was like. At Heho, coming so soon after the time in the Dry Zone, and the shadeless aridity of the paddy fields of the Pegu district, I had forgotten what it was to be cool—for the Northern Shans had by then receded into something experienced in other worlds long ago.

It was cool. That is to say it was pleasantly warm. It was the sort of weather which on the rare occasions when it occurs in England causes people to puff and blow and complain of 'the heat'—with the temperature somewhere in the lower seventies. When I left Rangoon at eight o'clock that morning a servant girl had come rushing after me just as I was climbing into the car that was to take me to the airfield—she had brought my coat, which had been hanging in the cupboard since the day of my arrival. "Taunggyi!" she exclaimed, and gave a demonstration of shivering. I declined to take the coat with me, remembering Maymyo, which is also regarded by the Burmese as 'cold'. And stepping out into the soft warmth of Heho I was very glad I had left the coat behind.

Heho is some twenty-four miles from Taunggyi, the little town which is the official capital of the Shan States, perched on a plateau some four thousand feet up in the hills. The road which repeatedly doubles back on itself on the long climb up from the plain of Heho reveals a landscape of quite incredible beauty. From the first 'shelf' above the Heho plain another plain comes into view—a much greater plain, seeming to stretch away in a haze of heat to an infinitely remote horizon.

It is not bare and checkered with paddy fields like the Heho plain, but wooded, with a lake in the near distance called the White Crow Lake, and the plain itself is the Plain of the White Crow. Some forty years ago a white crow was found there, and a white crow is sacred, like a white elephant or a white peacock, because a bird or beast so rare and remarkable is believed to house a being who will eventually achieve Buddhahood. The White Crow Lake is said to resemble the shape of a bird flying, but I cannot honestly say that it looked like that to me, though I am prepared to believe that it does when viewed from a higher altitude. I saw only a small irregularly shaped sheet of water glimmering on a plain which was like a vast and very beautiful park.

There was the pleasant shock of recognition of seeing again the dusty grass at the sides of the road shadowy with the small mauve wild flowers which I saw first at Maymyo and which are everywhere in the cool hills. And there were the hooded bullock-carts again, and the tall pointed Shan hats and loose baggy trousers, but now instead of the gipsyish Kachins there were the Tai-Chinese *Taungthus*, whose women wear what must surely be the most hideous costume of human beings anywhere, consisting of black turbans and shapeless black tunics and leggings of rough material like serge. Silver rings round their legs denote whether they are married or single. A young woman seated on a grassy bank under some trees at the side of the road nursing a child was unexpectedly beautiful, with the ugly black clothing stripped away, her flesh a cool-looking deep cream.

The setting of Taunggyi is beautiful in the extreme, the town itself nothing very much—Chinese and Indian shops at each side of a busy main road, some Chinese hotels, a market place, unmade pavements; a nondescript sort of place, but at least the streets are free of refuse, and if pariah dogs exist they are unobtrusive. The town is flanked at one side by a high wooded hill, its highest point known as 'the Crag', where there is a Buddhist shrine. On the lower slopes of this hill, with wonderful views out over the plain, there are many charming houses set in gardens full of flowers and blossoming trees, the homes of government ministers and state officials.

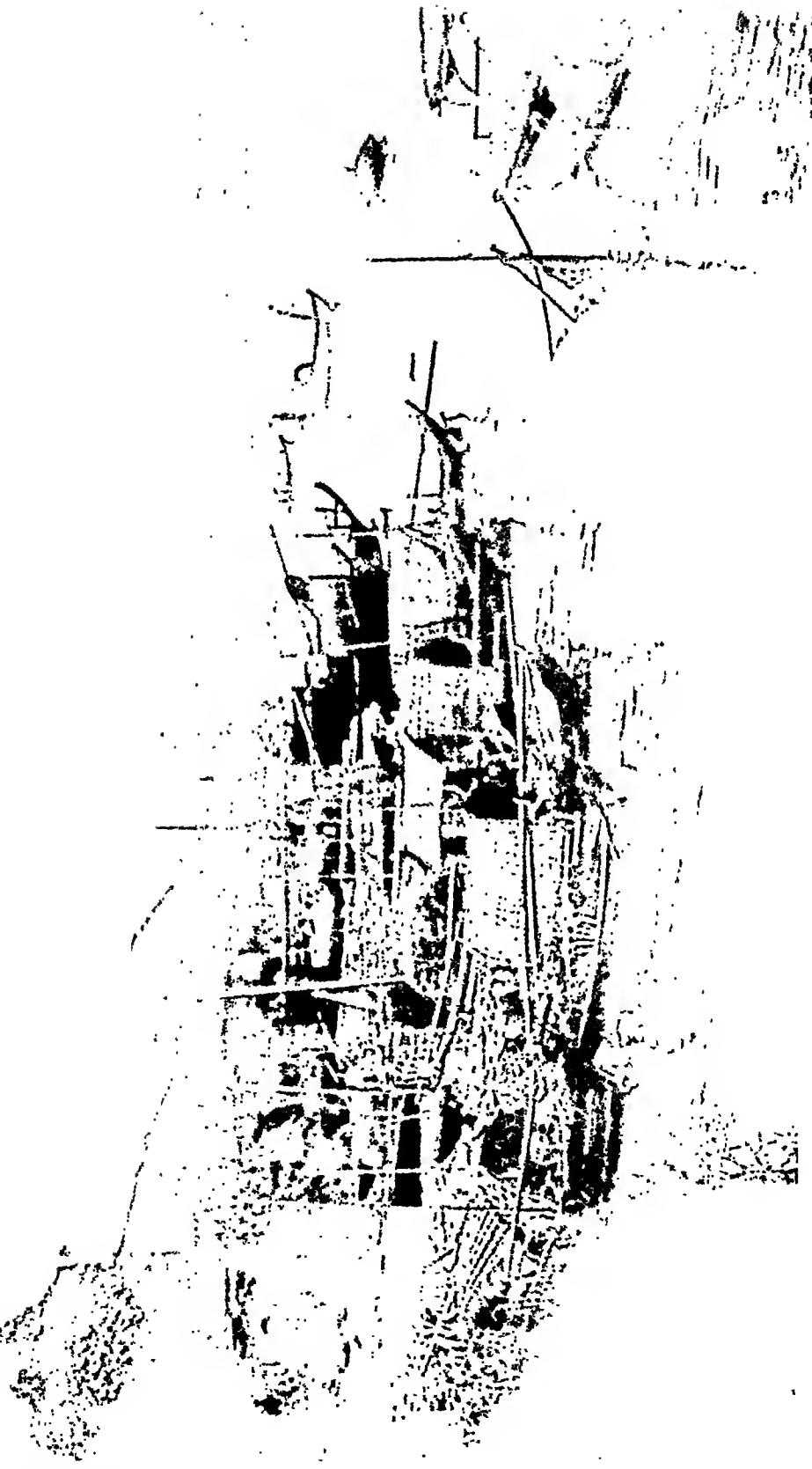
There is also a reservoir up there in the woods, a place

whose deep green jungle beauty of lush vegetation, bamboo, and brooding dark water is contradicted by a rustic bridge and near unobtrusive paths. Up there on those wooded slopes, too, where an avenue of big old banyans goes off from the road, climbing a little, there is a small pagoda and a *fungi-lyang*. There are no less than twelve *fungi-lyangs* to this small town.

At the other side of the town there are bare grassy hills, on one a *fungi-lyang*, on another a huge upright golden Buddha image in a wooden shelter with a platform in front of it. From up here the plateau reveals itself as a valley full of huddled houses, flowering trees, and sunshine. From below, when the sun sets behind the multiple roofs of the monastery with their upturned gables, and the great roof above the shrine, all seems black lacquered on a crimson screen, stylized, and Japanese.

But the greatest beauty of Tamsuggi is its flowering trees, which are everywhere—the mauve blossomed jacaranda trees, the cassia trees with their papery scendous blossoms of bright pink that fade to white near the end of their flowering, the feathery strawberry pink blossoms of the tall loko trees, the pendulous, heavy-scented white lilacs of the belladonna trees, the scarlet lilacs of the flame-of-the-forest trees, the burnished gold of the gul-mohar, the yellow of the *lynnahou* trees that bloom three times before the mangoes ripen and the rains come and the New Year dawns . . . all these and many more, with poinsettias and bangipani and purple convolvulus and wine-coloured bougainvillea, and a fleshy orange coloured honey-suckle thrown in as it were for make-weight.

The travel story of every traveller in difficult places—and from the point of view of travel Burma is a difficult place—must be to some extent a story of the struggle to get the permits and the transport to achieve the desired objectives. That in Burma I was the guest of a government organization, and the personal guest of the Attorney General, made possible for me a great deal that would not otherwise have been possible—or which would have been possible only as the result of a good deal of running round after permits. I was fortunate in that the matter of permits and police registrations, and armed escorts for insurgent areas, was all, as the Americans say, 'taken care of' for me through the Attorney General's office, and transport by







of the loneliness. And in some indefinable way the place itself repelled me—almost as though it housed some *Mal hostile* to my presence. It was not an emanation of evil, but of rejection. The rooms were dark and desolate. There was a small sitting-room off the verandah, and opening out of it a school-room with piled-up desks and forms. At the back was a small uninviting bedroom, and adjoining it the empty desolate kitchen quarters and the usual cement-floored bathroom.

Even the broad bright sunny daylight could not make the place seem other than dark and desolate and intolerably lonely. No doubt when its owner was there, with his pupils and colleagues about, books set out, and the place alive and warm from being lived in, it assumed a quite different air. But this was a place from which the owner had been gone some time, on leave; it was a shut-up place—a place that was not expecting anyone. It was certainly not expecting me.

I did not unpack my suitcase.

"I cannot stay here," I said, firmly. I added, "Would *you* stay here—alone?"

"Oh no! Nothing would make me!" Her voice rang with dismay.

"I wonder who lacked the imagination to think that I would!"

"I think the Resident arranged it for you."

"I understood the Home Minister was making the arrangements for my stay here."

"He is away at present."

"You said the jeep was coming back at three o'clock to take me anywhere I wanted to go. I would be glad if you would tell the driver to take me to the Resident. He may have some suggestions. If he hasn't I have an introduction to a Mr. Richard Aldworth here——"

"Mr. Aldworth—oh yes. Perhaps you can stay at his house."

"Perhaps. We will first see what the Resident has to say. But now, before the jeep comes back, what do I do about a meal? I am famished!"

It was by then about two o'clock, and I had eaten nothing since six-thirty in Rangoon.

"The servant is out. He has gone to the bazaar to buy things for you. He will be back soon. Now I must leave you."

When I was alone I rummaged in my Shan bag and fished out a banana—that great standby of the East. I sat in front of the empty grate eating it and wondering whether the Southern Shans were going to prove as difficult for me as the Northern Shans had been. I flung the banana peel into the hearth and went out and walked round the compound and took some pictures of the beautiful tree, then went back into the house and sat down feeling tired and dispirited and in great need of a cup of tea. Hearing a step I went out on to the verandah where a young girl in European clothes stood bearing a tray—and on the tray unmistakably a teapot.

"Mummy sent you this over."

'This' was a pot of tea, bread and butter, fried eggs. I sat at the table and ate my first and last meal in the house. Whilst I was eating it the Chief Education Officer arrived to invite me to dine at his house that evening. He would send a car for me, he said. I told him, "Don't send it here. I'm not staying here. I don't know where I shall be. You had better get in touch with the Resident."

Fortified by the tea I no longer felt dispirited, but purposeful.

The big and noble house which is now the State Guest House was once the Residency. The new Residency is a house much too small for its purpose, the more so as U Thaung Pe, the present Resident, has a family of young children. He took my defection from the school-house amiably enough. But what to do with me?

"You could stay here," he said, "but you would not be very comfortable. There are, as you see, children."

Yes, I saw that there were children. I also heard them. There was a great sound of children in the house, and they bobbed in and out of doorways and smaller ones appeared carried in arms. I told him that that was all right, that I liked children, and that I didn't mind how uncomfortable I was. I was quite happy to share a room with children.

It was more or less settled that I should stay there. Then there remained the problem of what to do with me. What, he asked, was my program? I replied that I hadn't a program, as I didn't know what there was of interest in or near Taunggyi. In a few days, however, I wanted to get to Kalaw.



"The problem is transport," he murmured. "The day after tomorrow the Prime Minister arrives and then all available transport will be required."

I could not, I gathered, have arrived at a more difficult time. I pointed out that the arrival of U Nu the day after tomorrow did not affect today or tomorrow. There must be something I could do tomorrow, whilst transport was still available.

"The difficulty is to find someone to accompany you—everyone is busy, preparing for the visit."

But having won the battles of Kyaume and Nyaungu I was not prepared for retreat at Taunggyi.

"Do I need to be accompanied to Kalaw?" I inquired.

"At Kalaw you must spend the night. Let us draw up a program."

Had all the difficulties of escort and transport suddenly melted away? But mine not to reason why. Whom did I wish to meet in Taunggyi? I wished to meet Daw Mimi Khaing, and Mr. Richard Aldworth. Also, on his return, the Home Minister. Daw Mimi Khaing I would meet tonight at dinner at the Education Officer's house. Mr. Richard Aldworth we could call on this afternoon. Tomorrow I could make the trip up the Inle Lake and see the leg-rowers. The day after I could go to Kalaw. When I got back the Home Minister would have returned. The Resident made notes and did a little telephoning, and children peeped round the open door shyly, and outside in the bright clear sunlight there was the long-drawn single-note whistle of a bird endlessly repeated, and a little distance off the summery monotony of a cuckoo. I was introduced to the Resident's wife and sister, and then with his sister we set off to find Mr. Aldworth, of whom Leigh Elsum had spoken warmly to me down in Mergui.

He proved to be an Anglo-Burman with a Burmese wife. I gave him the letter from Leigh Elsum and he was immediately cordial. Whilst the Resident and his sister were talking to Mrs. Aldworth her husband asked me where I was staying. I told him, "At the Residency, I think, though the Resident assures me it will be very uncomfortable." I told him of my revolt in connection with the school-house. He said, simply, "You can stay here if you like." I thought that I would like, for I liked Richard Aldworth and his wife, and I liked his pleasant chât-

like house set far back from the road at the end of a long narrow garden full of English summer flowers. But would it not offend the Resident, I asked, since it was more or less settled that I should stay there? Richard Aldworth said, "I think he would prefer that you should stay here—he hasn't much room in his house."

So it was arranged, and I was given a tiny room to myself, and the pretty beauty-prize winner daughter, Vanda, came in—and I discovered that if encouraged Mrs. Aldworth would speak English, and I felt very much at home. There was even a charming little cat to remind me of my own. Perhaps after all the Southern Shans were going to prove less difficult than the Northern states. . . .

In the morning, before the mists had dissolved from the deep valleys, an official and his wife, sent by the Resident, came round in their car, with the usual servant tucked away in the back with the hampers of food, and we zigzagged down to the plain and ran for some time through paddy fields, where women in high pointed Shan hats moved forward in long lines pulling up the young paddy for transplanting from the nursery beds to the flooded fields. There were a great many pink buffaloes—huge naked-looking beasts used for ploughing, though the Government urges the use of oxen for the purpose, as more proficient. But the people do not take easily to new ideas, and the buffalo, which likes water, is the traditional beast for the task.

The little lakeside town of Nyaungshwe with its wooden balconied houses and high hills behind is like a Swiss mountain town, though ramshackle and untidy as a Swiss town could never be. Its unmade streets are clean enough, free of refuse, but plenty of gaunt pariah dogs prowling about, and bitches with skinny puppies gambolling round them. Here we took a long flat-bottomed boat spread with bamboo mats, so that slippers were removed on entering it, as on entering a house. The boat carried an outboard motor, but for some time, as we moved through weed-locked creeks to the open lake, it was necessary to paddle. This weed is the water-hyacinth which drifts on the rivers. It covers the creeks so thickly in places that the water is completely hidden over; a boat must cleave a way through it.

For some time after leaving the creek we chugged down a narrow waterway with green cultivated lands at either side, sometimes fields green with the grass-like blades of the young paddy, sometimes with the young corn. Occasionally there were patches of flower and vegetable cultivation—the flowers mostly asters—raised a few inches above the water. The paths between them are waterways, big enough to take a narrow boat. In the rains they become flooded and have to be pumped out with a water-wheel. There are bamboo houses which stand on stilts in the water; in the rains the water rises high up the stilts, but not to the floors. The people live mainly by fishing, though some cultivate their watery market-gardens, and work in the fields.

We soon met with the leg-rowers, and a fine sight it is when four of them stand one behind the other, each with a right leg hooked round the oar, 'walking' it through the water. The oar is manipulated like a punt pole, but the leg hooked round it gives it a greater impetus than is possible by hand. Sometimes going through the creeks our own boatman would use an oar in this way. The bamboo is thick at each side of the creeks, and beyond the bamboo the paddy and wheat fields. Again and again it was necessary to stop the engine of the boat and cleave a way through the green carpet of water-hyacinth. There were flocks of teal winging over in formation, and when we passed the water-villages buffalo immersed with only their heads above water were in danger of being run over by the boats.

After a long time in the creeks we came out to the broad open lake flanked at one side by high hills. At the far side the golden spires of pagodas emerged from among groups of tall palms. Here we were among the thousands of floating islands of the lake, each staked with a bamboo pole through the middle to prevent it drifting. In places the islands have been marshalled into rows to mark off the fishing-grounds. Bamboo houses on stilts stand on small green islands very little bigger than the space occupied by the house itself. An eagle perched like a parrot on a bamboo stake pinning down an island.

We went out to a 'rest-house' in the middle of the lake. Here whilst the servant and the boatman prepared the food we had brought with us we leaned on the balustrade as on the rail of a ship and watched the multitudes of fishes moving like shadows through the clear deep emerald water, and the fishing-

boats with their cone-shaped basket-nets which occupy about two-thirds of the length of the boat itself.

We had just finished our meal and were leaning on the balustrade again idly watching the water when another boat came up the lake and tied up at the steps of the rest-house. It contained two large Americans, a young Anglo-Burman girl and a younger girl. One of the Americans was very big and pink, with a hirsute body stripped to the waist. Both came ashore with glasses of whisky in their hands. They had come up from Kalaw that morning, it seemed, where they were staying in the hotel. They had heard about me—the big one had addressed me by name—at Nyaungshwé—where they had had some difficulty in getting a boat because of me, though how this could be since I was ahead of them was not very clear. They invited me to have a drink. I replied that it was not yet sun-down, but with loud laughter they declared that it was time it was. The bigger of the two had bright blue eyes and reddish hair and an Irish name. His friend was smaller and less vociferous, with a slightly 'superior' air. He carried an expensive-looking camera. I asked him if he had taken any good pictures, and he said that so far he had only taken two, because he hadn't seen anything worth photographing. I suggested that there were some very beautiful pagodas, to which he replied that pagodas were "a dozen a dime". . . .

We went on, hurtling through the water at what seemed like speed-boat speed. We put in at a village, but we could not take the boat up the creek as a market was on and the creek was already full of boats; we had therefore to walk up the creek from boat to boat. Some of the boats were so old and flimsy that they tilted precariously as we stepped into them; others were half-decked with iron plates which the sun had made burning to the feet. My hostess bought an earthenware pot for half a *kyat*, and a huge jack-fruit, which is like a Rugby football in shape and like a hedgehog to hold. There was a clothing market, but things were cheaper in Taunggyi, I was told. We scrambled back through the boats—the boatman carrying the earthenware pot and the jack-fruit—and continued on up the lake. We came in half an hour or so to the weaving village of Inpawkon, where some of the

houses stand on piles in the water, others on small pieces of ground just big enough to accommodate them. The rattle of looms is audible from some distance away, for there is a loom in every house. We went ashore and into one of the houses and sat on the floor and drank plain tea and examined some of the *longri* lengths woven in beautiful designs from Chinese silk. Most of the silk woven in Burma is imported from China because the Buddhist rule about not taking life applies in the matter of the chrysalides of silkworms, which must be suffocated in their cocoons in order to prevent the destruction of the threads of the silk. Silk is grown in Burma—in Prome, and south of Mandalay—but silk-growers are a despised section of the community, like fishermen and slaughterers. Like the fishermen they live apart, mostly on the hillsides, where the mulberry bushes essential for the silkworms thrive better than on the plains. But the home-grown silk is coarser than that imported from China. Sir George Scott (Shwe Yoe) speaks of the Shans using vegetable dyes 'obtained from various jungle seeds, roots, flowers, leaves, and bark', but the present-day Shans appear not to have heard of vegetable dyes. In this house at Inpawkon I was shown the tins of chemical dyes, and when I told them about the vegetable dyes used for dyeing the tweeds woven in the small towns and villages of the West of Ireland they were interested but manifestly puzzled. There were several looms in this house, and some of the designs being woven were very intricate and fine, demanding a great many shuttles. The work is slow and highly skilled, therefore the finished product is expensive. I bought a four-yard length for seventy-five *kyats*—that is to say a little under £6. The price originally asked was eighty *kyats*, which my companions declared was too much. It seemed to afford them satisfaction to bargain, and this five *kyats* reduction—rather less than ten shillings—was regarded as a triumph.

The house stood on piles on very little more ground than would support it. Chickens ran about below. The surrounding houses were very close, with narrow lanes of water between. From every house came the rattle of looms. Some of the houses stood with their feet in the water; others on their tiny islands; some were several storeys high, like old English mill-houses, others, like this one, one-storeyed and balconied. On some of

the patches of ground were plantains and sweetcorn; there was even a palm or two. There was an odd sense of peacefulness in the busy clatter of the looms. "The water people work harder than the land people," said my companions. They themselves had lived there during the Japanese occupation, having fled from Taunggyi; the Japanese did not trouble the water-villages—they had no use for them.

Returning in the later afternoon sunshine we passed an evening market in the shape of boats laden with flour, fruit and vegetables, sweets, spices, clothing, calling at the houses. Housewives did their shopping squatting on the lower steps of their houses, the boats swaying gently below them. But others were going shopping by boat to the open shops and stalls perched on stilts in the water. There was a great and colourful busyness on the lake wherever there was a village. The bright colours of the *longyis* was reflected in the water and the open-fronted shops gave back colours as brilliant and as varied.

We called at a *pongyi-kyaung* on its island of sunbaked mud. In the pagoda there was a dark shrine with a golden Buddha image surrounded by flowers and guttering candles. My hostess lit joss-sticks and candles which she had brought with her, leaving some as a present for the *pongyis*.

Now as we returned to the creeks across the glimmering water the palms darkened against the sunset. Here and there a white pagoda with a golden *hti* caught the sunset glow and seemed to become part of all that soft radiance. Then we turned into the green lanes of the creeks, where tall poles thrust up to mark out the waterway through the wilderness of bamboo and weeds. Sometimes boats passed us, going upstream, and then our boatman would stop the engine so that these laden boats, propelled by leg-rowers, or paddled, would not be subjected to a strong backwash. So laboriously the people moved their boats through the weeds that our powerful engine seemed an affront, an injustice. But when a boat propelled by leg-rowers bounded forward in long strong leaps our fussy mechanical noisiness seemed merely vulgar.

Back at Nyaungshwe the bamboo mats from the boat, our tiffin-carriers, our baskets of crockery, the earthenware pot and the jack-fruit bought in the lake village market, the sun-umbrellas, were transported back to the car, and we sat for

a while in an open-fronted room attached to a garage and drank plain tea, and the silk I had bought at Inpawkon was examined and admired and the cost inquired.

Before leaving Nyaungshwe we visited the palace of the Sawbwa. We walked through huge dismantled state rooms, where all that was of interest was a six-foot stone candle and a huge drum, both tied to a post in the throne-room. Actually the Sawbwa's elder son acts for him, as the Sawbwa himself, who was previously President, is now the Speaker in Parliament.

The Sawbwas, as such, are on the way out, already divested of their ruling power, yet, it seems, retaining a certain lingering moral influence over their people. Most of them have residences in Taunggyi, but, also, most of them maintain their palaces, and, I was told, "the people always like it when the Sawbwa comes back to them." Nevertheless, when independence came they were voted out of power. But as they are given the first offer of posts in the new Administration their temporal power has merely been transferred to another sphere.

The day after 'operation Inle Lake' was the day of the Prime Minister's arrival, and I knew that it would be useless to attempt to organize transport to Kalaw or anywhere else. Bunches of white roses were brought to the Aldworth house in the morning—to be made into a bouquet for presentation to the Prime Minister's wife, I learned. I pointed out that they were far too full-blown for the purpose. If the bouquet was to be of white roses there were some excellent half-opened roses in the garden, I ventured to suggest. Vanda thereupon went down the garden with a pair of scissors, followed by the gardener carrying the basket, to gather these more suitable blooms. When they were brought into the house they were handed to me, with about two yards of white silk ribbon and a hank of bamboo straw.

"If there are not enough flowers we can get more," said Mrs. Aldworth.

"You mean you want me to make the bouquet?"

"We cannot do it. We do not know how."

Mother and daughter smiled sweetly, confidently, then went off to attend to the matter of Vanda's court dress, the dressing of her hair, the stringing of the jasmine she would wear in it.

Mr. Aldworth, passing through the kitchen, where I stood beside the table doubtfully regarding the pile of roses, the bamboo, and the length of ribbon, remarked cheerfully, "You've got your work cut out!" Then he too went about his business.

I had never made a bouquet for presentation before though I had made up a good many bouquets of flowers from my English garden to give to friends. In a formal bouquet, I thought, the flowers would need wiring into position here and there, and the coarse strips of bamboo which had to serve for wire were clumsy for the purpose. And since I was to make the bouquet I would have preferred to have selected the flowers for it myself. I needed, I decided, a great many more than had been supplied to me. I took a kitchen knife and went out into the garden and cut some more roses, pink as well as white, and some long stems of blue delphinium. It all took some time to arrange satisfactorily, lacking any wire, but it all looked well enough when finally done, decked out effectively with a fine white mist of gypsophila. It was just a pity that at the very end I pricked my finger, shedding blood on the white ribbon, but with a little dexterous retying it did not show, and what the Prime Minister's lady might discover later should she untie the ribbon was not my affair; all I was concerned with was the production of a professional-looking bouquet for presentation. . . .

I did not know until the last minute that I was expected to attend the reception. I then hurtled into my long skirt, and having no long-sleeved blouse as required by the formality of the occasion, draped the velvet stole over my bare arms, tucked carnations into my hair, and ran down the steps to join Mrs. Aldworth and Vanda in the car.

It was pouring with rain. It had rained all the morning, and now in the afternoon it was raining harder than ever—a deluge of rain. We drove to the Residency, where another young girl, also a beauty prize winner, stood at the top of the steps holding a bouquet of red lilies—to be presented to the Prime Minister. Like Vanda she wore her hair in the ceremonial style, with the tress at the side of the face, and decorated with strings of threaded jasmine. We sat about for a time at the Residency—I have no idea why—and presently got back into the car and drove off to the State Guest House.

Here the reception committee waited at the top of the steps



in two large sex-segregated groups, the gentlemen on the wide terrace adjoining the porch, the ladies under the porch itself. There was an assortment of costumes, Shan, Burmese, Indian. Very sensibly the gentlemen kept back against the French windows, in the shelter of the balcony above. There was a great coming and going of cars and jeeps in the deluging rain. Some armed police boys took shelter under the trees at the bottom of the long curved drive that sweeps up to the house.

With Mrs. Aldworth and Vanda and the girl carrying the red lilies I took up a position at the top of the steps, just out of reach of the rain. We seemed to wait for a long time. Then at last the Prime Minister's car arrived and a lady wearing a fur coat over her *longyi* got out, with a little girl at her side, and Vanda came forward and presented the bouquet, which I was relieved to see was still holding together; then U Nu himself stepped out looking exactly like all the pictures of him, and the other girl presented the sheaf of red lilies. U Nu went straight up the steps and joined the gentlemen. Then the local ladies and the European in their midst were presented to the Prime Minister's wife, and we adjourned with her into the room immediately inside the porch. U Nu in the meantime had already adjourned with the male members of the reception committee to the room beyond. And there we all sat in our sex-segregation for about fifteen minutes, the Prime Minister's wife with the bouquet across her lap and her little girl at her side, and the ladies at each side of her making conversation with her; once she looked in my direction and obviously inquired who I was.

In the room beyond, the round pleasant face of the Prime Minister, surmounted by the turban with the crisp bow at the side, was visible. Someone handed him a sheaf of papers. The rooms were dark from the rain storm, and it was a little time before an orderly hurrying to and fro got the electric light turned on. After about fifteen or twenty minutes the Prime Minister got to his feet and the party broke up. U Nu and his family went up the stairs, and cars began to move up in the pouring rain to the bottom of the steps.

But by then the rain had turned to hailstones. They were of an astonishing size, and both men and women ran out on to the terrace to pick them up, putting them into their mouths as

though they were sweets, and pressing them to their eyes—hailstones, I was assured, were very good for the eyes. Servants came running with tumblers to collect these little balls of ice.

When the storm abated the sky across the garden was burnished gold, against which the jacarandas stood out hyacinth-blue, part of the sky's wild splendour.

At the bottom of the drive the police boys were excitedly gathering up the hailstones, and the water was running in rivulets by the grass verges of the road.

With the Inle Lake trip accomplished, and with transport so difficult, there seemed no point in lingering in Taunggyi, and I called again on the Resident to discuss means of getting to Kalaw. He telephoned Sao Tun E, the Home Minister, who was now back, and a jeep was promptly dispatched to take me to him at his pleasant English-style residence high up on the wooded hill.

This Minister of royal house I found possessed of a quiet charm and graciousness. With great courtesy he told me that I could not have wished to journey to Kalaw at a more convenient time, for U Tun Lu, the Assistant Resident, was coming to Taunggyi that very afternoon, and I could go back with him in the evening. The jeep which had brought me was at my disposal; I could send it back from Kalaw.

I used the jeep in the afternoon to visit the colossal hilltop Buddha, and when I got back my host inquired if it was too early to suggest a drink 'for the road'. We agreed that as it was the last drink we could be having together—anyhow in Taunggyi—the sundown point might be stretched. Whilst the point was still being stretched U Tun Lu arrived with his son Richard and Sao Win Kyi, the Sawbwa of Pindaya.

We set off in convoy, with the Sawbwa's car leading, then myself alone in the jeep, and U Tun Lu and his son in the rear. We headed straight into the tremendous sunset. I do not know whether it was in fact an exceptionally beautiful sunset, or whether it owed something of its radiance to my late host's hospitality. . . .

The road zigzags down for some eight hundred feet to Kalaw. At some cross-roads, at dusk, the Sawbwa's car left us, and shortly after we were entering the hill-encircled little town

of Kalaw. In the fading light a white pagoda surrounded by satellite pagodas was visible in the middle of the town. Along a wide street of shops we ran out of the town and into a broad shallow valley and turned up past a police-barracks into a pine-covered hilliness, at the top of which was a charming English-style bungalow in a terraced garden. It was one more journey's end, for "I can put you up," U Tun Lu had said.

In the morning I set out with U Tun Lu's son, Richard, and another young man, his friend, who was also staying in the house—they were both medical students—and a jeep load of armed police, for Pindaya, famous for its caves. It seemed a long time since I had travelled with an armed escort—there had, in fact, been none since the journey to Pegu.

The day became surprisingly hot very quickly and the front of the jeep became an oven. We travelled across paddy fields and potato fields, and the earth was as red as the Indian plain. We came to the village of Pwèhla, huddled among green trees, shady and peaceful and curiously 'English'. There was no sign of life in its sleepiness, only the crowing of a cock in the near distance emphasizing a kind of summer somnolence. But, it seemed, all was not as idyllic as would appear, for the people grew potatoes and cabbages which they sent to Rangoon, and what they produced was in excess of demand. There was a plan afoot to induce them to grow groundnuts as a more profitable crop.

We were on our way to the Haw, the palace of the Sawbwa of Pindaya, where we were to lunch. Pindaya huddles beside its lake at the foot of thickly wooded hills, over which march hundreds of small white pagodas, culminating in a shrine half way up the foremost hill, which holds the famous caves. There were women bathing and washing clothes under a big old banyan tree overhanging the lake, their voices and laughter carrying across the water.

The Haw is a little out from the lake. It is small but built in the ornate style of the old Mandalay palace, with a multiplicity of roofs and upturned gables. It has an appearance of age, but was in fact built by the present Sawbwa's father. It is approached through a shady garden above the road, with jasmine-covered pergolas and tall trees. Brilliant coloured

flowering creepers cascade down over the brick wall—a dull red, again in the Mandalay manner—to the deep dust of the road. Opening out from a great bare hall of a room on the first floor there is a square verandah with windows set between thick pillars of glass mosaic, and in the middle, under a gabled turret, an ornate shrine with a gold Buddha image. One of the windows opens on to a white foreground pagoda, with a park-like vista of pines flowing away to the head of the lake. The occasional group of tall palms look oddly out of place in this landscape of pines and firs.

In the big room on the first floor we rested awhile after the heat and dust of our journey, the Sawbwa and his sister sitting with us. Blue-covered chairs were ranged round the walls and blue curtains flew out from doorless doorways. And as though to complete the colour-scheme a pair of swallows flew in and out with a blue flash of wings through the open windows. The room was rendered palatial by its very bareness, as though furnished by its own loftiness and by the strong bright sunlight. It had dignity, which clutter never has. And this Shan prince and princess were two of the most dignified human beings I have ever had the pleasure and privilege of meeting—slender, graceful in their movements, gracious in their manner, but grave, a little withdrawn, with that *je ne sais quoi* of people in whose blood there is generations of authority.

The princess accompanied us to the caves, squeezing in with us in the jeep. A rough road winds up the hillside to the foot of the long steep covered way to the shrine at the entrance to the caves. Here we left the jeep and our footwear and went on up the high brick-built steps up to the platform in front of the shrine. Immediately inside the huge arch of the entrance to the caves, to the left of the shrine, there is another shrine, smaller but very ornate, and littered with a profusion of faded artificial flowers, hanks of human hair, dusty paper fans and roses, silk umbrellas—dusty offerings of every kind, and on the ground all round the scattered wrappings and packings from candles and joss-sticks—the usual litter left in the wake of ritualistic worship.

As whoever was supposed to act as our guide through the labyrinth behind the shrine was not to be found a workman who had been sitting on the ground with another man having

a meal undertook to do so. He went away and came back with bamboo torches—hollow bamboo stuffed with rags soaked in kerosene. Richard's friend elected not to come on the tour of the caves. He said frankly that he disliked them, in which he had my sympathy, for I myself dislike caves—a dislike into which a mild claustrophobia enters, combined with the irrational fear that the guide will lose his way. But the young man was not collecting material for a book, and I was, so I resolutely turned my back on the sunshine and faced into the gloom.

These Pindaya caves are immensely high. At times even holding the flaring torches at arm's length above the head it was impossible to make out the tops of the vast caverns. There are Buddha images everywhere. On dusty ledges and in niches high and low, carved out of the rock face, and hundreds of them in mass formation in caves below caves, so that one peers down on to them, ghostly figures momentarily revealed in the wavering light of the torches—hundreds of Buddha images, above, below and all around, half lost in the shadows and covered with the dust of ages. How did they all get there? My companions could not tell me. They had always been there. Yes, but who put the first there, and why? Maurice Collier suggests<sup>1</sup> that 'there must have been for centuries a guild of sculptors at Pindaya, who sold their work to the pilgrims'.

The bulk of the images are near the entrance; as you penetrate deeper they loom only occasionally from niche or shelf and the great caverns seem the lonelier for not being peopled with these stone figures. In places water drips from the roof somewhere up in the heart of the hill, and the stones underfoot are slippery with slime. At one point the water gathers in a pool known as the 'fairy well', though it suggests evil spirits rather than fairies. There is a cave down through a hole where alchemy is said to have been practised, and a platform at the top of some rough-hewn stone steps where weaving was done—though why anyone should wish to weave in a dark cave by torchlight was not explained. At the end of a long grim passage there is a small hole leading on through the hillside and which is, according to the legend, the old road to Pagan—three hundred miles to the west. At one point our guide lit a candle

<sup>1</sup> In *Lords of the Sunset* (Faber & Faber), 1938.

—whether he had brought it with him or found it there on the boulder beside the track I have no idea, but when we turned a corner I looked back at that small flame in the horrible darkness and thought that I had never seen a more forlorn symbol of loneliness. Surrounded by the blackness and silence and loneliness it would sit there with not even a bat for company until it expired in the darkness. I felt a kind of pity for the small thin lonely flame, the only living thing in that dreadful hollow deadness.

It was a relief to emerge again into the hot bright sunlight and lean on the rail of the pagoda platform and look out over the park-like wooded plateau. On the way down we met an old man wearing the baggy Shan trousers and high-pointed hat. He wore the hat balanced on top of a towel turban, and he carried a stick with an iron prong, his eyes searching the grasses and shrubs and weeds at the sides of the steps as he mounted to the platform. He was looking, said the princess, for medicinal herbs growing on the upper part of the hill, sanctified, and therefore made more efficacious, by their proximity to the shrine.

Back at the palace we found the table laid for a meal in the big room where the blue curtains blew out from the doorways and the open windows framed the sun-hazy distances. Our host and hostess had eaten before we arrived, but the Sawbwa wandered in and out, and his sister sat with us. Afterwards we all sat again on the blue chairs and drank plain tea; the men smoked cheroots and I wandered away with the princess and took some photographs.

"How do you pass the time here?" I asked her.

She told me, "I read and knit—and we play chess."

I had a sudden vision of them isolated there under their turrets, a fairytale prince and princess in an enchanted tower, cut off from the world. Actually there are many more than the two of them living there—other members of the family. For one thing the Sawbwa is married, though we did not meet the Mahadevi, who is the daughter of a deposed Sawbwa.

*Sawbwa* is the Burmese corruption of the Shan *Sao Hpa*, meaning Heavenly Lords of Shan. Formerly the princes who ruled the Shan States called themselves *Ne-Twet-Bayin*, meaning the Sunrise Lords. Now their sun sets; such power as they

which is only moral, and the Resident is set in authority over them. They no longer live in princely splendour and are being steadily absorbed into the new administration. Maurice Collis writing of them in 1939 as 'Lords of the Sunset', in his book of that title—this being the name applied them by the Burmese kings—was unwittingly prophetic. They had to part with the changing times, as the princes of India had to part; but though they have been voted out of power they cannot, it seems, be altogether voted out of the affections of the people—at least of those of the older generation. The Sawbwa was personal and real to them; the central Government is remote at Rangoon itself. But the sun is setting now for the princes, as it long ago set for the kings, and it rises upon a new order.

I had been recommended by Maurice Collis that when in Kelaw I should call upon an old friend of his, Noël Whiting, who was, he said, 'a great authority on the country'. I had already encountered him in the pages of two of Maurice Collis's books and was interested to meet him in person.

I found him in a delightful stone cottage perched on a crag above a wooded valley crossed by a stream. Beyond the valley the great hills folded into each other till the farthest seemed to melt into the sky. Because in Rangoon I had heard Noël Whiting described as a 'recluse' I had expected to meet someone difficult, aloof and perhaps eccentric. I found a tall, grey-haired man of distinguished appearance and pleasant easy manner, who received me very cordially, and it was exciting to be in a house so full of books—from floor to ceiling—and flowers and beautiful things. The house was as full of books and beautiful things when the Japanese arrived on the scene in 1942, but even whilst he was still living there they came in and helped themselves, and protests to the series of commanding officers did not prevent it, though such protests were sometimes sympathetically received.

Eventually they helped themselves to the owner of the house as well. For ten days they shut him up in a garage, then transferred him to the local lock-up for six months, the first two of which he was kept with nothing to do and nothing to read—he was surprised, he said, when he learned that that period was only two months—"It seemed much longer." He spent another

six months as servant to the Japanese Chief of Police in Kalaw, then he was sent to Lower Burma, to a prison camp in Tavoy, where they set him to work chopping wood. This camp, he said, was "quite horrible", and I did not care to ask for details. When he got back in 1945 the little house was still there, but it had been completely ransacked. A few things which he had given to friends to hide for him were saved and eventually restored.

I found him singularly unembittered by his experiences. The Japanese, who had been initially received as liberators, were eventually hated and resented. For one thing their face-slapping technique was intolerable. From liberators they became 'Fascist Dacoits', as U Nu records in his book, *Burma Under the Japanese*. But they were not all offensive in their role of occupiers, and to be able to concede that, when you have had your possessions—including art treasures collected over years—looted and your whole library burnt, and been yourself in solitary confinement and known the horror of the prison camps, indicates a rare spirit of detachment.

With Noël Whiting I called upon a Burmese lady, the widow of an Irishman of title, who had shown great courage during the occupation. Her wooden house, with its wall hangings, books, and tiger skin rugs on the polished floor, was one of the most delightful Burmese houses I was in. I met there her daughter, who had escaped into India when the Japanese came in. I asked her how she had got there, and she answered, simply, "I walked."

She had been in the epic exodus through the Hukawng Valley. It had taken her, she told me, about three weeks to do the three hundred miles. Up to two hundred thousand people—English, Anglo-Burmans, Indians—are said to have started on that desperate trek, but less than twenty thousand got through—that is to say one in ten.

Kalaw seemed to me the most beautiful place I had seen in all my travels throughout the Union, and it was pleasant walking and talking with Noël Whiting, but having visited Pindaya, and met the Sawbwa, there was no more I could usefully do there, and it seemed time to descend from the cool plateau and return once again to the sweltering plain.



(XIX)

LOTUS AND RAINBOW

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ALTHOUGH I did not stay to see in Rangoon that aspect of culture represented by the dancing, pageantry and tableaux of the *Thingyan*, the water-festival, I did see, earlier on, a very fine expression of the national culture in the shape of an exhibition of dancing given in Rangoon by the students of the Mandalay School of Fine Arts. The students are children whose ages range from eight to the early teens. They come from all parts of the country and all types of homes. They are dedicated children in that when they have been accepted for training at the school—and they are not accepted unless it is initially clear that they have a natural talent—devotion to the fine arts becomes their vocation. This is not to say that their conventional education is neglected; rightly it is felt that these young artists and potential artists must be broadly educated, for they must understand the ideas and emotions they interpret through their art—on the principle that without knowledge there can be no interpretation.

I was, quite simply, charmed with them. They were lovely children; lovely young people. Watching them I remembered the children, little children and older children—children who were really young people—acting in plays of their own invention at A. S. Neill's school. There was the same vividness and vitality, the sense of huge enjoyment, and utter unself-consciousness. And all as brimfull of personality as the dancers of the great days of the Diaghilev ballet. These children, too, brought personalities of a vivid order to bear on a finely perfected technique, so that all they did was exciting and moving. It was all so very much more than a display of technical skill; it was the demonstration of a living art.

The children dance to the traditional music of drums,

Bates, brass, and such is their physical grace and personal charm that they make of simple exercises in rhythm, done to the accompaniment of only a drum, a feat of the utmost beauty, quite one of the most delightful items in the whole repertoire. Continuing from these basic exercises the program develops Burmese dancing through its various phases—which includes the Siamese influences—to the present day. The latter is at once livelier and less conventionally ordered—and much less graceful. As at the *gala*, clowns play their part with ribald jokes and burlesque both during and between the song-and-dance numbers. The clowning affords scope for their acting ability, which is of a remarkably high order, and for the expression of their very individual personalities, for clowning demands a very special quality of communication between actor and audience. So huge was their enjoyment of what they did that sometimes their own laughter broke through the acting.

And so infectious was their sense of hilarious fun that they carried the big adult audience with them every inch of the way, in laughter as uproarious as it was sustained. They played for a week in Rangoon to packed houses. I went twice, and each time a standing-room-only audience gave them a rapturous reception and Burmese audiences, though they laugh readily, are normally not much given to applause. Their advent was something bright and fresh and shining and *apart*, in that raucous city of the cinema loud-speaker. The success of the visit of the young dancers of the Mandalay School of Fine Arts to Rangoon indicates a lively interest on the part of the general public in the traditional culture, but more than one such enterprise will be needed to maintain that interest as a living force. A great deal could be done, and perhaps will in time be done, through the Burmese film industry. A start has been made with the filming of the Prime Minister's play, *The People Win Through*, though this is not concerned with any manifestation of the people's culture but with political ideas, and is more anti-communist propaganda than art. At present Burmese films tend to be 'glamorous' musicals, with the music—judging by the recordings loud-speakered through the streets by way of advertisement—either Indianized or Westernized. If the singing and dancing of the students of the Mandalay

Fine Arts School could be filmed and distributed throughout the country, taken in mobile units to the villages, it would be an important and valuable first step in the right direction. Though the towns have greater need of it than the villages, who have not yet fallen under the generally corrupting influence—morally and culturally—of Western films.

The Constitution makes public health a first care of the State, and a good start has been made with medical and dental inspections at every school, State and private, and well-equipped mobile units visiting outlying schools and hutments; but at the time of writing (summer, 1954) there are only twelve hundred trained doctors to care for eighteen million people, and only seventeen dentists—dentistry does not attract students as readily as medicine in spite of scholarships being available.

The Government is expanding training facilities and has established a Health Institute for the production of vaccines and for research work. In an address to the Army Officers at their Fourth Annual Conference in the summer of 1953 the Prime Minister declared that it was the country's need and the Government's aim to produce a thousand qualified doctors a year. But even with the opening of new Medical Colleges it seems only possible, at present, anyhow, to produce five or six hundred a year, and in the meantime, when only some fourteen or fifteen doctors are being turned out in a year, the country must be largely dependent on foreign doctors. It is confidently believed, however, that in about five years' time there will be sufficient Burmese doctors for both civil and military purposes. No less than eight hundred Health Centres are being set up throughout the country, and the School of Health Assistants is hoping to train one hundred and twenty workers a year to man them. These centres will supply 'midwives, public health nurses, lady health visitors, vaccinators, rural health inspectors and health educators'. When there are sufficient doctors available the Health Service will function as an auxiliary service, 'leaving the Medical Service free to concentrate on its own special sphere'.

The Government has announced plans for compulsory national service, for both men and women, divided into

age-groups; it is expected that the plans will take about two years to complete. The plans are to be thorough, to avoid both evasions and wastages, and will include the conscripting of 'reasonable numbers of selected doctors, engineers, etc., for the armed forces and other priority programmes'. It is added that 'compulsion may perhaps be softened a little by compensatory factors such as reasonable remuneration and other amenities'.

A big drive is also being made to get girls trained as nurses. Before the war nurses were Anglo-Indians, Anglo-Burmans, and Karens, and nursing was at about the same level socially as domestic service was in England. It is only since independence that Burmese girls have begun to emerge from home and into professions, and thanks to Daw Khin Kyi (the widow of the murdered Aung San), Chairman of the Social Services Council, nursing has become a respected profession, and training courses are now open to girls of middle school education. After three years' training they may take post-graduate courses and specialize. The Government is hoping to turn out about two hundred trained nurses a year.

There is also a great shortage of teachers, both primary and secondary. Special intensive training courses for teachers have been organized by the Government to speed up the supply for the primary schools and have proved very successful. There are now six of these two months' courses every year and it is hoped to produce six thousand primary school teachers a year in this way.

*Pyidawtha* is a word commonly heard and seen in print in present-day Burma. It means more than Welfare State. It means, really, Ideal State. The Prime Minister, in his 1953 address to the Army Officers, declared that *Pyidawtha* was more than 'the clearing up of the mess caused by war and insurrection, repairing of swampy roads, building bridges, railways and houses, producing more rice, timber, oil and minerals'. A country could not be called *Pyidawtha* unless it abolished 'the evil system of class exploitation, of crimes, of disease, of retrogression, of ignoramuses. . . .' *Pyidawtha*, the Prime Minister made it clear, is much more than material

the following is a list of the names of the persons who have been appointed to the various positions in the government of the State of New York.

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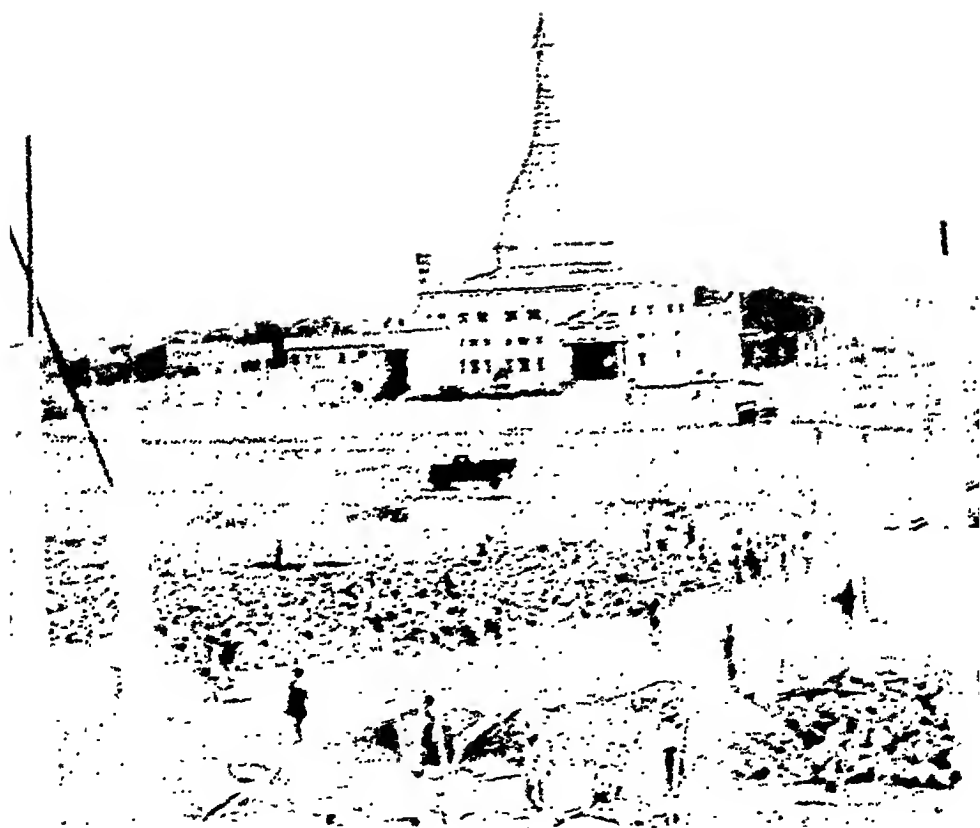
Of equal importance is the establishment of a system of public education, which is essential to the progress of the State. The following is a list of the names of the persons who have been appointed to the various positions in the government of the State of New York.

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Boy and girl dancers of the Mandalay School of Fine Arts  
(Photos by courtesy of the *Guardian*, Rangoon)









intelligent members of the Brigade as sanitary inspectors and health assistants to look after the health and hygiene of the community.

The Rehabilitation Board is convinced that the artisan training centre at Aung San Myo in particular 'will eventually become "A University for Workers" where a regular flow of disciplined, efficient and responsible technicians will be started and maintained to meet the exacting demands of growing industries and projects in Burma. It firmly believes also that this seat of learning for lower classes will solve major problems of unemployment, discontent, low productivity, and even the present lawlessness in the country.'

The Rehabilitation Board could be right. The scheme is quite as imaginative and exciting an expression of faith in human nature as the Mass Education scheme, with which it shares the honours of being a wise government's most valuable contribution to the achievement of *Pyidawtha*. In these two great schemes the rainbow may be said to have appeared on the Burmese horizon, after the storms of war and occupation and civil war. It is going to turn out fine again; finer than it ever was. It is not the dew which is on the lotus, but the rainbow.

When the evening of the farewell dinner party at Themis Court came and I tucked frangipani into my hair for the last time I felt both happy and sad—happy because this honour was being so gracefully paid to me, and sad because it was the end of a great adventure. Sometimes it had felt like an adventure in loneliness; at others an adventure in friendship; and always a search for the soul of a people.

I think I did glimpse something of that soul. I *feel* that I did, and in such matters the heart knows more surely than the mind. It was to be glimpsed not only in the rapt faces kneeling before the flowers and the candles at the pagodas everywhere, murmuring the eternal reminder of the transience, suffering and change that is life, but in the laughing faces at the *pués*—seas of laughing faces as rapt in laughter as in devotion. It was to be glimpsed sometimes in the grave beautiful face of a young monk, or in the face of an old one so heavily mapped by the years as to seem centuries old. It was in the serious face of a young bridegroom in the deep south,

in the eyes of a child in an off-the-road village, in the look of love in an old man's face as he contemplated the sunset glow on the red walls of old Mandalay.

It was in the songs Daw Aung Kyi sang at my farewell party in a voice soft and thin and sweet as pagoda bells. I do not know what songs she sang, to a thin plaintive music of strings and dulcimer, only that they were traditional, that they were old, and one I think was about love; I do not think that otherwise it could have been so sad. Yet the Burmese people are not at all a sad people; they have none of the deep Indian melancholy. They are an essentially gay people, who laugh easily, and love fêtes and festivals. Perhaps they are the only really happy people left in the world.

They have every reason for happiness. They have a most beautiful country which is rich in all that its peoples need, and in which there is room for all without crowding. They have a religion in which they profoundly believe, and one which offers them a philosophy that gives meaning to the otherwise meaningless chaos of life. They are not cursed like the West with possessiveness. I never found any Burmese home, rich or poor, cluttered with *things*. Nor people amassing wealth for its own sake, as in the West. They know that there is no virtue but only enslavement and illusion in possessions. So they give their wealth and their greatest treasures to the pagodas; and in the vicinity of the pagodas, which speak to them of the transience of life, they take their simple innocent pleasures, and part of their pleasure is to make little offerings of flowers and candles at the shrines of the Enlightened One, who turned his back upon all possessions and taught that in craving in all its forms lay all sorrow.

But all this is not new; all this was always an integral part of the Burmese soul. In Burma today there is new cause for happiness, because after many years of storm and stress the rainbow has touched the lotus. This does not mean that all is now set fair, that there can be no more storms, no more troubles and difficulties. The political climate of the whole world is unsettled and unsafe, but wise statesmanship and the avoidance of the Pakistan road may keep the land of the crested lion safe. With the pacification of the Karens, the evacuation of the last of the K.M.T's, and the surrender of the majority of the various

insurgents, the situation has vastly improved since 1952 when the Prime Minister declared that Burma was at the cross-roads. Small armed groups, such as were rounded up on the Thazi-Kalaw-Taunggyi road in the summer of 1954, will probably continue to harass the government from time to time but present no serious problem.

As to whether 'Red China' has designs on her small socialist neighbour—there is no indication that she has; the present relations between the two countries are amicable, and there have been to date no incidents along the eight-hundred-mile border. And when Chou En-Lai called on the Burmese Prime Minister on his way back from the Geneva Conference which settled the fate of Indo-China he declared that China would respect the territorial integrity of Burma, but U Nu did not walk into the Communist parlour when the Chinese Premier suggested the signing of a non-aggression pact.

Communism, whatever the model, is not for a devoutly Buddhist country. The whole orientation of the Buddhist way of life is opposed to the materialism of Marxism. "We have," says U Nu, "no other choice but Democracy."

There remains but to call down a blessing on the choice: May the Tree of Fulfilment, *Padaythabin*, flourish for them, and *Pyidaawtha*, their common goal, be fully realized. There is good reason to believe that it will be. The rainbow has touched the lotus.

London—Connemara,

April–September, 1954.

# INDEX

- AATARAN, River, 70  
 Abidhamma, 39  
 Age, respect for, 93, 206  
 Alaungpaya, King, 72  
 Alaungsithu, King, 173  
 Aldworth, Richard, 226, 228, 235  
 Aldworth, Mrs., 228, 234 *et seq.*  
 Aldworth, Miss Vanda, 229, 234 *et seq.*  
 Amarapura, 71, 116, 131  
 American Baptists, 114  
 Amsterdam, 13  
 Ananda Pagoda, 172-3  
 Anawratha, King, 72, 174  
 Andaman Sea, 82  
 Animism, 32  
 Arab League, 14  
 Arabs, Palestine, 14  
 Arakan Pagoda, 46, 117, 123-4, 139  
 Arnold, Sir Edwin, 29  
 Arzanecgon, 21  
 Aung Kyi, Daw, 251  
 Aung Min, U, 108, 109, 192  
 Aung San, General, 21, 110, 120, 247,  
 249  
 Aungsan Town (Aung San Myo), 248  
*et seq.*  
 Ava, 25, 71  
  
 BA U, Dr., President of the Union of  
 Burma, 53, 54, 57, 58  
 Baghdad, 14  
 Baku, 160  
 Ba Maung, U, 115 *et seq.*, 154 *et seq.*,  
 159-61  
 Ba Tu, U, 134, 136-7, 139, 153, 154,  
 160  
 Bangalore, 141  
 Bassein, 61, 213 *et seq.*  
 Bawdigon Vciktha Meditation Centre,  
 Mandalay, 128-9  
 Ba Wan, U, 193, 201, 206  
 Beirut, 13 *et seq.*  
 Bengal, Bay of, 15, 16  
 Bengal Engineers, 49  
 Bharno, 95 *et seq.*, 225  
 Bidagat-taik (Library), 173  
 Bombay, 43, 51  
 Bowdawpaya, King, 156  
 Brahmanism, 124  
 British Council Library (Rangoon), 50  
 Buddhagaya Temple, 172  
 Buddhism, 23, 24, 28 *et seq.*, 60  
 Bu Paya, 172  
  
 Burma Buddhist World Mission, 17  
 28, 66, 213  
 Burma and the Japanese Invader, 18 (n),  
 105  
 Burma Under the Japanese, 58, 127, 243  
 Burmah Oil Company, 186, 187  
 Burman, His Life and Notions, The, 175  
 Burmese Days, 86  
 Butler, Sir George Harcourt, 132  
  
 CAMBODIA, 29, 41  
 Carnegie, Dale, 110  
 Caspian Sea, 160, 184  
 Caucasus, 104, 182  
 Ceylon, 29, 39, 40, 41, 66, 86  
 Chan Htoon, U, 16, 17, 38, 53, 57, 115,  
 116, 131, 224  
 Chan Htoon, Mrs., 127-8  
 Chan Htoon, Miss Esmé, 18  
 Chaturvedi, M. D., 95  
 Chauk, 168, 169, 184, 186-7  
 Child prodigy (monk), 61-2  
 Children (as nuns), 29, 60-1  
 China, 98, 99, 108, 112, 120, 139, 232,  
 252  
 Chinatown (Rangoon), 51-2  
 Chinese (in Burma), 98, 101, 144, 146,  
 223  
 Chinese Buddhist Temple (Kwan Inn  
 Goddess), 52  
 Chinese food, 44-5  
 Chinese nationalists 43, 81-2 (also n),  
 251  
 Chinese *puw*, 52  
 Chinese restaurants, 44-5  
 Chins, The, 54  
 Chitagahr, 98  
 Chou En-Lai, 252  
 Christian, Major John Leroy, 18 (n),  
 105  
 Christianity, 32, 34, 35, 36, 65, 113, 114  
 Coffee-growing, 134-5  
 Collis, Maurice, 46-7, 90, 91, 124, 162,  
 240, 242  
 Communism, 252  
 Communists, 43, 82, 111, 124  
 Conneally, Rev. Fr., 113-14  
 Costume, Burmese women's, 17, 18, 58  
 Curzon, Lord, 126-7  
 Cyprus, 14  
  
 DALHOUSE, Lord, 23, 49  
 Dancing, 56, 195, 200-1 (*see also*  
 Mandalay School of Fine Arts)

- Darjeeling, 173  
 Delhi, 47  
 Democracy, 252  
 Diaghilev Ballet, 244  
 Douglas, Justice William O., 88  
 Dry Zone, 71, 164, 178 *et seq.*, 186-7  
  
 EASTERN: Ghats, The, 15  
 Education, 193, 247, 248 (*see also* Mass Education)  
*Elementary Principles of Buddhism*, 31 (n)  
 Elephants, 104-5  
 Elsum, Leigh, 81 *et seq.*, 228  
 Euphrates, River, 15  
  
 FEZ, 158  
 Films, 50, 245-6  
 Fitch, Ralph, 19  
 Flecker, James Elroy, 173  
 Food, Burmese, 75-7  
 Footwear, in pagodas, 46-7  
 Formosa, 82  
 Fort Dufferin, 126  
 Fraser, Lieutenant A., 49  
 Furnivall, J. S., 58, 90  
  
 GANDHI, Mahatma, 110  
 Geneva Conference (1954), 252  
*Give Yourself a Chance*, 110  
 Gokteik Viaduct, 137  
*Golden Earth*, 90-1  
 Golden Monastery (Mandalay), 117, 121-2 (*see also* under Shwe Kyaung)  
 Gore-Booth, P. H. (British Ambassador to Union of Burma), 103  
 Gore-Booth, Mrs., 103  
*Guardian, The* (Rangoon), 72, 188  
  
 HALL, Fielding, 24, 27, 33 *et seq.*, 41, 47, 71, 72  
 Hanthawaddy, 25  
 Hassan, 173  
 Health, Public, 193, 246, 247 (*see also* Mass Education)  
 Heho, 222, 223, 225  
 Himalaya, The, 173  
 Hlegu, 188  
 Hocking, Joseph, 162  
 Hsenwi, 147  
 Hsipaw, 136, 137 *et seq.*, 150  
 Htaukkyant, 192-3, 194  
 Htogyi, 194-5  
 Hukawng Valley, 243  
 Humphreys, Christmas, 29  
 Huxley, Aldous, 26  
  
 INDEPENDENCE Day, 53  
 India, 15, 25, 28, 39, 72, 86, 98, 107, 108, 111, 120, 176, 242  
 Indians in Burma, 78, 79, 83, 84, 87-90, 112, 144, 223  
  
 Indo-China, 252  
 Indonesia, 86, 165  
 Inle Lake, 228 *et seq.*  
 Inpawkon, 231-2, 234  
 Institute of Buddhist Culture, Mandalay, 38  
 Insurgents, 43, 72-3, 81-2, 95, 124, 133, 136, 153, 179, 188, 216, 217, 248, 252  
*Into Hidden Burma*, 46, 91  
 Ireland, Republic of, 35, 46, 78, 100, 112, 114, 188, 197, 232  
 Irrawaddy Delta, 16, 71 (*see also* Bassein, Maubin, Wakima)  
 Irrawaddy, River, 16, 26, 69, 106, 129, 163 *et seq.*, 221  
 Islam, 14  
 Israel, 14  
  
 JAPAN, 112  
 Japanese occupation, 38, 91, 127, 233, 242, 248  
 Jasswang Salgal, Daw, 213-14  
 Jinananda, The Venerable, 36, 37  
*Jiraka Sutta, The*, 37  
  
 KABA Aye, The (World Peace Pagoda), 40, 61, 189  
 Kachin State, 114  
 Kachins, 25, 99-101, 106, 112, 113, 223  
 Kadoe, 72, 74 *et seq.*  
 Kalaw, 98, 227, 231, 237 *et seq.*, 242 *et seq.*, 252  
 Karachi, 15  
 Karen nationalists, 43, 82, 124  
 Karens, 71, 72, 251  
*Karma*, 16, 31, 32, 37, 220  
 Kawa, 195-6, 200, 206-8  
 Kawhrat, 72, 73, 79  
 Kentung State, 81  
 Khamagalay, 202  
 Khin Kye, Daw, 247  
 Kipling, Rudyard, 225  
 Kodatgyi Pagoda, 61  
 Krasnovodsk, 160  
 Kubla Khan, 171, 175, 188  
 Kyauksemaraw, 70  
 Kyansittha, King, 174  
 Kyaukse Temple, 172  
 Kyaukse Pagoda, 120-1  
 Kyaume, 139, 150 *et seq.*, 169, 225, 228  
 Kyaw Khine, U, 95  
 Kyin, U, Burmese Ambassador to India, 72  
  
 LACQUER work, 175  
 Laik, U, 137 *et seq.*  
 Laos, 29, 41  
 Lashio, 98, 136, 139 *et seq.*



- Refugees, 43, 48, 95  
 Rehabilitation of Insurgents, 248 *et seq.*  
 Rice cultivation, 101  
 Royal Berkshire Regiment, 122  
  
 SAGAENG, 71, 116, 123 *et seq.*, 163, 188  
 Salwin, River, 69  
 Samarkand, 17, 158  
 Sandamuni Pagoda, 121  
*Sangayana, The* (Sixth Great Buddhist Council), 39 *et seq.*, 66  
*Sattipathana, the Heart of Buddhist Meditation*, 66  
 Saw, U, 21  
 Scott, Sir George (Shwe Yoe), 175, 232  
 Sea-gypsies, 87  
 Shakh-Zinda Mosque, 19  
 Shan States, 71, 93, 99, 114, 136 *et seq.*, 222 *et seq.*  
 Shans, 25, 104, 107, 112, 144, 145, 232  
 Shin Revata, 61  
*Shinbyu*, 55, 202-5  
 Shinbyushin, King, 25, 26, 174  
 Shinsawbu, Queen, 25  
 Shute, Nevil, 162  
 Shwe Dagon Pagoda, 18 *et seq.*, 40, 43, 47, 48, 53, 57, 72, 95, 122 *et seq.*, 155, 174, 221  
 Shwe Kyaung (Golden Monastery), 117, 121-2  
 Shwebo, 71  
 Shwemawdaw Pagoda, 183-90  
 Shwelandaw Pagoda, 173  
 Shwe-zigon Pagoda, 174  
*Siamer White*, 59  
 Sina, General, 37  
*Silken East, The*, 47  
 Silk-growing, 232  
 Silverwork, 131  
 Singapore, 85  
 Singu, King, 26  
 Siriam, 191  
 Soni, Dr. R. L., 33, 123, 161-2  
*Soul of a People, The*, 24, 34, 47  
 St. Columban's Catholic Mission, Bhamo, 112-14  
 State Agricultural Marketing Board, 101  
 Story, Francis, 17, 23, 31, 213 *et seq.*  
 Sule Pagoda, 19, 49, 124  
 Sun Yat Sen, 110  
  
 TAIPEH, 82  
 Taj Mahal, 19, 26, 155, 173  
 Talains, 71, 72  
 Tamurlaine, 19  
 Tattooing, 145  
 Taunggyi, 93, 222 *et seq.*, 252  
 Taungthas, 223  
 Tawoy, 82, 243  
 Tenasserim Division, 71, 72  
 Thailand, 29, 40, 41, 71  
 Than Aung, U, 248  
 Tharawaddy, 61  
 Thatbyin-byu Pagoda, 173  
 Thaton, 72  
 Thaurng Pe, U, 227-9  
 Thazi, 252  
 Thibaw, King, 55, 121, 126  
 Thomas, Professor Edward J., 37, 65  
 Tibetan Buddhism, 29  
 Tigris, River, 15  
 Timber trade, 101 *et seq.*  
*Tipitaka, The*, 39, 58, 60  
 Toungoo, 71  
 Tun E, Sao, 237  
 Tun Lu, U, 237-8  
 Turkestan, 160  
  
 Union Buddha Sasana Council, 17, 40, 123, 224, 225  
 Union Day, 53-7  
 Union of Soviet Socialist Republics, 93  
 United States of America, 82, 120  
 United States Information Service, 120  
 Untouchables, 176  
  
 VEGETARIAN: Society (Burma), 38  
 Vegetarianism, 33  
 Victoria Point, 71  
*Vinaya, The*, 37, 39  
  
 WAHMA, 216, 221  
 Warren, Henry Clarke, 66  
 Washington, George, 110  
 Water-festival (*Thingyan*), 25, 244  
 Weaving, 31, 231-2  
 Western Buddhism, 29  
 White, Mary, 90  
 White, Samuel, 90-1  
 Whiting, Noel, 242 *et seq.*  
 Win Kyi, Sao, 237 *et seq.*  
     His sister, 239, 241  
 Win, U, 59  
 Win Pe, U, 188-9  
 Women, Independence of, 77, 91  
 Word of the Buddha Publishing Committee, 63  
 World Peace Pagoda (Kaba Aye), 40, 61, 189  
  
 YUNNAN, 95  
  
 Zen Buddhism, 29, 128  
 Zeyathura, General, 175  
 Zurich, 13

and varied from about 15 per cent to 40 per cent in seven of the remaining districts. The expenditure on the item per reporting cultivating family was uniformly high and exceeded Rs 300 except in Etawah and East Khandesh.

Each of the three items, viz., construction and repairs of residential and other houses, medical expenses and educational expenses, generally accounted for about 15 per cent or less of the total family expenditure among cultivators. Medical expenses were reported by about 50 per cent or more of the cultivating families, while the proportion of cultivating families reporting expenditure on education was generally around 30 per cent. In six districts more than 30 per cent of the cultivating families reported expenditure on construction and repairs of residential and other houses. The expenditure per reporting cultivating family generally did not exceed Rs 200 except in the case of construction and repairs of residential and other houses.

TABLE 10.2—ROLE OF BORROWINGS IN FINANCING FAMILY EXPENDITURE AMONG CULTIVATORS : DISTRICT DATA

District	Total family expenditure		PURCHASE, CONSTRUCTION AND REPAIRS OF RESIDENTIAL AND OTHER HOUSES		PURCHASE OF DURABLE CONSUMER GOODS		EXPENDITURE ON DEATH, MARRIAGE AND OTHER CEREMONIES		MEDICAL, EDUCATIONAL AND LITIGATION EXPENSES	
	Expenditure per family	Proportion of expenditure financed through borrowings	Expenditure per family	Proportion of expenditure financed through borrowings	Expenditure per family	Proportion of expenditure financed through borrowings	Expenditure per family	Proportion of expenditure financed through borrowings	Expenditure per family	Proportion of expenditure financed through borrowings
	(Rs)	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5	6	7	8	9	10
Nadia ...	396	17.9	83	24.2	118	5.8	65	29.9	130	18.9
Gaya ...	465	15.1	66	26.1	150	1.7	85	37.0	166	11.8
Etawah ...	461	18.3	53	17.9	123	6.5	201	23.4	85	23.4
Ferozepur ...	707	26.6	45	43.5	247	7.1	254	37.6	161	34.7
Bikaner ...	559	28.8	31	9.5	266	9.6	236	55.3	26	8.0
Mandsaur ...	490	28.2	132	33.3	164	6.8	147	47.5	47	28.0
Broach ...	433	30.2	57	40.4	173	9.4	144	55.4	59	19.5
East Khandesh ...	493	6.9	84	11.4	215	0.6	101	20.3	94	3.0
West Godavari ...	535	20.3	79	17.8	203	12.4	108	35.3	145	21.4
Dharwar ...	391	20.7	36	34.8	208	8.7	82	35.9	65	31.9
Coimbatore ...	472	18.7	43	16.2	174	1.8	145	37.3	110	22.2



The expenditure on the remaining items of family consumption was generally small in the total picture. On three of these items, viz., purchase of residential or other houses, death ceremonies and litigation, only a small proportion of the cultivating families reported expenditure, but those who undertook expenditure generally spent substantial amounts. A fairly large proportion of the cultivating families reported expenditure on purchase of domestic utensils etc. ; the expenditure on the item per reporting cultivating family was only about Rs 50 or less in every district.

The data relating to sources of finance for family expenditure show that borrowings financed a substantial proportion of the expenditure on the items barring purchase of clothes and purchase of household utensils etc. This result is significant from the standpoint of the study. Borrowings assumed special importance in financing the expenditure on death, marriage and other ceremonies. The unexpected visitation of death and the substantially large expenditure involved in marriage ceremonies, perhaps, resulted in larger proportionate dependence on borrowed funds for financing the expenditure on these items. The proportion of expenditure financed from borrowings was generally higher among medium and small cultivators than among big and large cultivators. In Table 10.2 the data relating to the role of borrowings in financing family expenditure among cultivators are set out.

The data relating to purchase of bullion and ornaments, financial investment expenditure, capital expenditure in non-farm business and capital expenditure in agriculture were collected in the enquiry. Only a very small proportion of the cultivating families reported purchase of bullion and ornaments; the proportion did not exceed 10 per cent in any district and was less than 5 per cent in eight districts. The expenditure on the item per cultivating family was less than Rs 10 in seven districts and varied between Rs 10 and Rs 30 in the remaining districts. The expenditure on the item per reporting cultivating family was more than Rs 100 in every district. Owned funds financed more than 70 per cent of the expenditure in nine districts and between 55 per cent and 70 per cent of the expenditure in the remaining two districts, viz., Bikaner and Dharwar. Slightly over 30 per cent of the expenditure was financed from borrowings in Bikaner and from sale of assets in Dharwar. Borrowings and sale of assets financed small proportions of the expenditure on the item in some other districts. These sources of finance were generally reported by a few cultivators who incurred heavy expenditure on the item.

When the data on purchase of bullion and ornaments were juxtaposed with those on sale of these assets, there was net purchase of bullion and ornaments in seven districts. The net purchase per cultivating family was Rs 27 in Bikaner, Rs 19 in Ferozepur and less than Rs 15 in the other districts. Among the districts in which net sale was reported, the net sale per cultivating family amounted to Rs 11 in Nadia, Rs 7 in Dharwar and less than Rs 3 in the remaining two districts, viz., Etawah and Coimbatore.

- (1) Expenditure on financial investment was classified into eight categories, viz., purchase of shares and debentures of co-operative societies, (2) purchase of

shares of companies, (3) deposits in co-operative societies and co-operative banks, (4) deposits in commercial banks, (5) investments in Postal Savings and National Savings Certificates, (6) deposits with private moneylenders, traders, etc., (7) payment of insurance premia and (8) others. The data show that financial investments were generally not important among the cultivating community. The proportion of cultivating families reporting financial investment expenditure was the highest at 27 per cent in Mandsaur ; it varied between 10 per cent and 20 per cent in Ferozepur, Broach and East Khandesh and was less than 10 per cent in the remaining districts barring Gaya, where none of the cultivating families reported expenditure on the item. The average expenditure on the item per cultivating family was about Rs 21 or less in every district, while the amount spent on the item per reporting cultivating family was less than Rs 100 in four districts and between Rs 100 and Rs 140 in the remaining six districts where expenditure was reported.

Among the individual items of financial investment, purchase of shares and debentures of co-operative societies was the most widely reported. Even in regard to this item, the proportion of cultivating families reporting expenditure exceeded 10 per cent in only three districts, viz., Ferozepur, Broach and East Khandesh, and in these districts also, the proportion was less than 20 per cent. The expenditure on the item per reporting cultivating family was generally less than Rs 50. The proportion of cultivating families reporting expenditure was generally of the order of 2 per cent or less in the case of every one of the other items of financial investment expenditure. The amount of expenditure per reporting cultivating family was, however, generally large. The investments were presumably undertaken by a few among the most substantial cultivators. In Mandsaur purchase of Postal Savings and National Savings Certificates was reported by 24 per cent of the cultivating families. The expenditure per reporting cultivating family on the item was, however, only Rs 8 in the district.

Financial investment expenditure was mostly financed from owned resources in the districts barring Bikaner, Dharwar and Coimbatore. In Bikaner borrowings assumed greater relative importance than owned funds, while in Dharwar and Coimbatore, about one-third of the expenditure was financed from borrowings, and the remaining expenditure, from owned funds. Sale of assets financed 12 per cent of the expenditure in West Godavari and less than 2 per cent of the expenditure in Broach.

Data relating to capital expenditure in non-farm business were classified under four specified items, viz., (1) buildings for non-farm business, (2) production equipment, (3) transport equipment, (4) furniture and fixtures and a residual miscellaneous item called 'other capital expenditure in non-farm business'. Non-farm business was generally of minor interest to cultivators. The proportion of cultivating families reporting expenditure on the item was about 6 per cent in East Khandesh, West Godavari and Coimbatore and less than 4 per cent in every one of the remaining districts. The expenditure on the item per reporting cultivating family was very high at Rs 2,742 in West Godavari ; it exceeded Rs 400 in Ferozepur, East Khandesh,

and Dharwar and was less than Rs 250 in the remaining districts. Production equipment was the item in relation to which expenditure was generally undertaken. Apparently, situations favourable for capital expenditure in non-farm business among cultivators were few and seemed to be largely confined to the districts where the agricultural economy was developed. Borrowings financed more than 30 per cent of the expenditure on the item in five districts; three of these districts, viz., East Khandesh, West Godavari and Dharwar, reported high level of expenditure on the item, exceeding Rs 400 per reporting cultivating family.

Capital expenditure in agriculture was classified under nine specific items and a residual miscellaneous item called 'other capital expenditure in agriculture'. The nine specific items were (1) purchase of land, (2) purchase of livestock, (3) reclamation of land, (4) bunding and other land improvements, (5) new construction and repairs of wells, (6) development of other irrigation resources, (7) laying of new orchards, (8) purchase of agricultural implements, machinery, transport equipment, etc., and (9) construction and repairs of farm houses and cattle sheds on farm. Total capital expenditure in agriculture per cultivating family was the highest at Rs 424 in Ferozepur. Coimbatore and West Godavari followed in that order; in both the districts, capital expenditure in agriculture averaged more than Rs 300 per cultivating family. Nadia, Gaya, Etawah and Bikaner recorded a low level of capital expenditure in agriculture, not exceeding Rs 200 per cultivating family, while in Mandsaur, Broach, East Khandesh and Dharwar the expenditure on the item varied from about Rs 250 to Rs 300 per cultivating family. The level of capital expenditure in agriculture was, thus, higher in the fairly developed districts than in the districts with low monetized subsistence type economies.

**TABLE 10.3—CAPITAL EXPENDITURE IN AGRICULTURE BY CULTIVATORS—EXPENDITURE ON EACH ITEM AS PERCENTAGE OF TOTAL EXPENDITURE : DISTRICT DATA**

District	Total expenditure per family (Rs)	EXPENDITURE ON EACH ITEM AS PERCENTAGE OF TOTAL EXPENDITURE		
		Purchase of land	Purchase of livestock	'Other' capital expenditure in agriculture
	1	2	3	4
Nadia ...	113	5.6	39.4	55.1
Gaya ...	96	30.2	31.7	38.1
Etawah ...	199	11.1	73.8	15.1
Ferozepur ...	424	25.5	37.0	37.5
Bikaner ...	182	—	86.2	13.8
Mandsaur ...	293	2.3	30.4	67.3
Broach ...	285	33.5	34.4	32.1
East Khandesh ...	264	27.7	30.5	41.8
West Godavari ...	349	35.0	15.0	50.0
Dharwar ...	249	10.5	39.3	50.2
Coimbatore ...	393	13.6	16.7	69.8

For purposes of discussion, capital expenditure in agriculture may be classified under three main heads, viz., purchase of land, purchase of livestock and 'other' capital expenditure in agriculture. 'Other' capital expenditure in agriculture was generally the most important constituent item, while purchase of land assumed the least importance. Etawah and Bikaner were notable exceptions in this regard; in both the districts purchase of livestock overshadowed the other two items. The inter-district variations in the relative importance of the three main items may be seen from Table 10.3.

Purchase of land was reported by a very small proportion of the cultivating families; in every district the proportion was less than 5 per cent. The expenditure on the item per reporting cultivating family was substantial; it exceeded Rs 1,000 in six districts and was between Rs 500 and Rs 1,000 in three out of the four remaining districts in which expenditure on the item was reported. The data on sale of land were also collected in the enquiry. When these were considered together with the data on purchase of land, there was a very small net purchase of land in Mandsaur and Coimbatore and a very small net sale of land in Nadia. In these districts, apparently the purchase and sale transactions balanced each other for the cultivating community as a whole. In all the remaining districts there was net purchase of land and it was Rs 20 or more per cultivating family. In Ferozepur, Broach and West Godavari, the net purchase of land exceeded Rs 60 per cultivating family and was substantially higher than in the other districts.

Purchase of livestock was fairly widespread among cultivators. The proportion of cultivating families reporting purchase of livestock was the highest at 59 per cent in Etawah; Ferozepur recorded the next highest proportion at 38 per cent. The proportion varied from about 23 per cent to 31 per cent in the remaining districts barring Gaya where it was 15 per cent. The expenditure on purchase of livestock generally varied between Rs 200 and Rs 400 per reporting cultivating family. Sale of livestock was reported by a fairly large proportion of the cultivating families in most districts. In every district, however, the proportion of cultivating families reporting sale of livestock was less than the proportion of cultivating families reporting purchase of livestock. The livestock transactions of the year resulted in a net purchase of livestock in every district. The net purchase generally varied between Rs 20 and Rs 100 per cultivating family in the different districts.

'Other' capital expenditure in agriculture (expenditure on items other than purchase of land and livestock) was undertaken by more than 70 per cent of the cultivating families in the districts barring Bikaner and East Khandesh, where only 19 per cent and 54 per cent respectively of the cultivating families reported expenditure on the item. The expenditure on the item per reporting cultivating family varied between Rs 200 and Rs 300 in Ferozepur, Mandsaur, East Khandesh, West Godavari and Coimbatore and between Rs 100 and Rs 200 in Bikaner, Broach and Dharwar. It was Rs 65 or less in Nadia, Gaya and Etawah. 'Other' capital expenditure in agriculture per reporting cultivating family was, thus, substantially lower in districts with

low monetized subsistence type economies than in the fairly developed districts. 'Other' capital expenditure per acre of cultivated holdings also showed inter-district variations; it was relatively high at Rs 29 and Rs 28 respectively in Coimbatore and West Godavari. Mandasaur and Nadia followed in that order with 'other' capital expenditure per acre of cultivated holdings at Rs 19 and Rs 16 respectively. In the remaining districts except Bikaner it was between Rs 6 and Rs 10, while in Bikaner it was practically negligible, at less than one rupee.

Among the individual items of 'other' capital expenditure in agriculture, purchase of agricultural implements, machinery, transport equipment, etc., generally accounted for the largest share of total expenditure. The proportion of 'other' capital expenditure in agriculture, incurred on the item, was more than 60 per cent in Etawah and Ferozepur and varied from 25 per cent to 45 per cent in the districts except West Godavari, where slightly over half the total 'other' capital expenditure in agriculture was incurred on bunding and other land improvements. Bunding and other land improvements accounted for between 10 per cent and 30 per cent of the 'other' capital expenditure in agriculture in Nadiá, Gaya, Etawah, East Khandesh and Dharwar. Construction and repairs of farm houses and cattle sheds on farm accounted for between 10 per cent and 31 per cent of 'other' capital expenditure in agriculture in eight districts; in Etawah the item was of negligible importance. Expenditure on development of other irrigation resources and laying of new orchards was small in relation to the total expenditure in every district. Other items were of importance only in particular districts.

Expenditure on purchase of agricultural implements, machinery, transport equipment, etc., was generally widespread. The proportion of cultivating families reporting expenditure on the item was more than 40 per cent in every one of the districts barring Bikaner; it was about 70 per cent or more in eight districts. The expenditure on the item per reporting cultivating family was generally small and exceeded Rs 100 in only three districts. This would indicate that the implements, machinery, etc., purchased were generally of the less costly type. Expenditure on bunding and other land improvements was fairly widespread in the rice-growing districts of Nadia, Gaya and West Godavari and also in East Khandesh, Dharwar and Coimbatore. About 20 per cent to 40 per cent of the cultivating families reported expenditure on the item in these districts. The expenditure on the item per reporting cultivating family was less than Rs 100 except in West Godavari where it was Rs 265. Expenditure on construction and repairs of farm houses and cattle sheds on farm was reported by about 20 per cent to 40 per cent of the cultivating families in Nadia, Mandasaur, West Godavari and Coimbatore. The average expenditure on the item per reporting cultivating family was less than Rs 100 in Nadia and West Godavari and more than Rs 100 in Mandasaur and Coimbatore. In some of the other districts where the proportion of cultivating families reporting expenditure on the item was low, the expenditure per reporting cultivating family was substantial. Other items of expenditure were generally reported by only a small percentage of the cultivating families. Those who undertook expenditure on construction and repairs of wells and development of other irrigation resources generally spent substantial amounts.

The data reveal the general importance of borrowings in financing expenditure on each of the three main items of capital expenditure in agriculture, viz., purchase of land, purchase of livestock and 'other' capital expenditure in agriculture. The low importance of borrowings in financing expenditure on purchase of livestock and 'other' capital expenditure in agriculture in East Khandesh was a marked divergence from the general pattern. The expenditure on both the items was fairly high in the district. As already noted, borrowings in the district were very largely incurred for current farm expenditure. In the case of purchase of land and purchase of livestock, the relative importance of borrowings as a source of finance was generally greater among medium and small cultivators than among big and large cultivators. The pattern of use of borrowed funds among the three main items of capital expenditure in agriculture reveals some interesting features. Purchase of livestock generally overshadowed other items as a channel of use of borrowed funds among every class of cultivators, including big and large cultivators, in Nadia, Gaya and Etawah, which are characterized by low monetized subsistence type economies. A similar situation obtained also in Bikaner where livestock played an important role in the economy. In the fairly developed economies, among big and large cultivators, 'other' capital expenditure in agriculture was generally the most important direction of utilization of borrowed finance. East Khandesh, where purchase of land overshadowed other items, and West Godavari, where purchase of land and 'other' capital expenditure in agriculture were roughly of the same importance, were exceptions in this regard. Among medium and small cultivators in the fairly developed districts, generally purchase of livestock or 'other' capital expenditure in agriculture assumed the most important position as a purpose of utilization of borrowed finance.

The data relating to capital expenditure were used to derive estimates of fixed capital formation by rural cultivating families. In the calculations, all expenditure reported under the heads 'capital expenditure in agriculture', 'capital expenditure in non-farm business' and 'construction and repairs of residential and other houses', except expenditure on purchase of land and livestock, was taken note of. Further, the repair and replacement expenditure, to the extent available, was eliminated from the total reported capital expenditure. The expenditure on repairs was generally separately enumerated and could be considered to have been mostly allowed for. The same cannot, however, be said of replacement expenditure, which was specifically asked for only in the case of one item, viz., agricultural implements, machinery, transport equipment, etc.

Capital formation was the highest at Rs 230 per cultivating family in Mandsaur; Coimbatore and Ferozepur followed in that order with capital formation of Rs 213 and Rs 185 respectively per cultivating family. Among the remaining districts, in Broach, East Khandesh, West Godavari and Dharwar, capital formation by cultivators varied between Rs 90 and Rs 140 per family, while in Gaya, Etawah and Bikaner, it was around Rs 50 per family and in Nadia, Rs 67 per family. The ranking of districts in regard to capital formation was, thus, in close correspondence with the rankings indicated by other measures such as outstanding debt and borrowings. Situations

favourable for capital formation were apparently more in economies with commercialized agriculture than in low monetized subsistence type economies. Capital formation took place almost entirely in the farm and the household sectors; except in East Khandesh and West Godavari, capital formation in non-farm business was negligible. As between the farm and the household sectors, the latter was notably more important in Gaya and Etawah, while in Ferozepur, Broach, East Khandesh, Dharwar and Coimbatore, the former overshadowed the latter. In Mandsaur also the farm sector assumed greater importance than the household sector, though to a less marked extent than in the former group of districts. In the remaining districts, the two sectors assumed roughly equal importance. It is, however, important to note that in every district, with the exception of East Khandesh, Dharwar and possibly also Coimbatore, residential and other houses constituted an important direction of capital formation by cultivators.

The level of capital formation was substantially higher among big and large cultivators than among medium and small cultivators. Big cultivators, who numbered 10 per cent of the cultivating families, accounted for more than 40 per cent of the total capital formation in Ferozepur, Broach and West Godavari. In all these districts, the share of this group of cultivators in the capital formation was markedly higher than their share in the total area of cultivated holdings. In East Khandesh and Dharwar, big cultivators accounted for a slightly larger share of capital formation than of area of cultivated holdings. In Gaya, Etawah and Bikaner, big cultivators reported a markedly lower share of capital formation than of area of cultivated holdings. Generally, about 50 per cent to 70 per cent of the capital formation among cultivators was undertaken by large cultivators, who constituted 30 per cent of the number of cultivating families, but who generally held between 50 per cent and 65 per cent of the total area of cultivated holdings.

The data reveal the general importance of borrowings in financing capital formation of cultivators. In seven districts the proportion of capital formation financed from borrowings varied between 18 per cent and 27 per cent; in four of these districts, viz., Nadia, Gaya, Etawah and Bikaner, as already noted, the level of capital formation was low, not exceeding Rs 70 per cultivating family. In Ferozepur, Mandsaur, Broach and Dharwar, in all of which capital formation exceeded Rs 90 per cultivating family, more than 30 per cent of the capital formation among cultivators was financed from borrowings. In Nadia, Gaya, Etawah and Dharwar, borrowings were relatively more important for medium and small cultivators than for other classes of cultivators. In most districts, the relative importance of borrowings was marked in the case of medium and small cultivators. Medium and small cultivators had, thus, to finance a fairly large proportion of even their small capital formation from borrowings.

The acquisition of land, livestock and other assets, expenditure on improvements in these assets and payments towards reduction in outstanding financial obligations are activities which result in an improvement in economic position and may be termed 'investment'. On the other hand, sale of assets and transactions which increase

the financial obligations worsen the economic position and may be termed 'disinvestment'. Both investment and disinvestment were reported by the rural families and the balance between these, viz., net investment/disinvestment, was, therefore, worked out to examine the net change in position. The items taken on the investment side were (1) capital expenditure in agriculture, excluding the expenditure on repairs and replacements<sup>1</sup>, but including the expenditure on purchase of land and livestock, (2) capital expenditure in non-farm business, excluding the expenditure on repairs, (3) financial investment expenditure, including insurance premia paid, (4) purchase and construction of residential and other houses, (5) purchase of bullion and ornaments and (6) repayments. On the disinvestment side, the data covered (1) borrowings and (2) sale of assets.

The net investment/disinvestment calculated in the manner described above does not take into account the change in stocks of commodities and in the cash resources, as no information in relation to this aspect was collected in the enquiry. The calculations, therefore, may not show the surplus or deficit in an economy, except when it is reflected in what may be called the capital account. Generally, the stocks and cash resources of the majority of the rural families may not change significantly during a year and the surplus or deficit shown by the calculations may be, by and large, a good indicator of the performance of the economy. There are, however, two other limitations to the approach. In the first instance, the calculations do not take into account one item of capital transactions, viz., lendings, in relation to which information was not collected. This leads to an underestimation of the net position, especially in the case of the upper classes of cultivators. The second limitation stems from the fact that the replacement expenditure has not been fully eliminated from the capital expenditure for which credit is taken on the investment side. This overestimates the net balance; the overestimation may be of substantial importance in the case of purchase of livestock. It was not possible to make allowance for these factors in the calculations; the net balance was, however, worked out in the first instance including livestock transactions, and again, excluding livestock transactions. The net investment/disinvestment including livestock purchase and sale are first discussed; later, the results shown by the calculations excluding purchase and sale of livestock are set out.

The investment and disinvestment of the year resulted in a net disinvestment among cultivators in four districts, viz., Nadia, Gaya, Bikaner and West Godavari. The average net disinvestment was less than Rs 15 per cultivating family in Nadia and Gaya; it was Rs 51 and Rs 57 respectively per cultivating family in Bikaner and West Godavari. A low level of repayments in relation to borrowings was a feature common to all these districts. In Etawah, Ferozepur, Mandsaur, Broach, East Khandesh, Dharwar and Coimbatore, there was a positive balance on the capital account. The positive balance was small, at Rs 12 per cultivating family, in Etawah, while it varied from Rs 71 to Rs 213 per cultivating family in the remaining districts.

<sup>1</sup> Replacement expenditure was specifically asked for only in relation to agricultural implements, machinery, transport equipment, etc.



Big and large cultivators generally reported substantial net investment. Among medium cultivators, there was net investment in seven districts and net disinvestment in four districts. The net investment of the group was fairly large in Mandsaur, Broach, East Khandesh and Coimbatore, while in Gaya and Bikaner, they reported fairly marked net disinvestment. Among small cultivators, the position was one of net disinvestment in five districts and net investment in the remaining six districts. The net investment among this class of cultivators was more than Rs 20 per family in Broach and East Khandesh. In all the districts where there was a negative balance on the investment/disinvestment account among small cultivators, the net disinvestment exceeded Rs 20 per family; in Ferozpur and Bikaner, the net disinvestment among small cultivators was above Rs 60 per family.

The exclusion of purchase of livestock in the net investment/disinvestment calculations resulted in substantial reductions in the positive balances and large increases in the negative balances. For all classes of cultivators together, the positive balance excluding livestock transactions was sizeable only in Mandsaur, Broach, East Khandesh and Coimbatore. It was mainly among big and large cultivators that any substantial net investment took place. Medium and small cultivators generally recorded disinvestment in the districts barring Mandsaur, East Khandesh and Coimbatore.

There was broad correspondence between the relative performance indicated by the calculations of net investment/disinvestment and that shown by the data on fixed capital formation. The most prominent exception was seen in West Godavari, where though fixed capital formation was fairly large, the net investment/disinvestment calculations showed a sizeable negative balance. A large part of the borrowings in the district was utilized for financing purchase of land and other items of expenditure which did not lead to fixed capital formation. Big cultivators in the district spent substantial amounts on bulk purchases of brass required in non-farm business. It is reported that the stocks of this material are replenished once in two or three years and there might have been a large improvement in the stock position of the material during the year covered by the enquiry. The extent of this improvement is, however, not known, since no details apart from purchases made during the year were collected. As stocks and inventories were completely ignored, no allowance was made for this factor on the investment side, but it might have considerably strained the resources of the families and resulted in more than normal borrowing activity, which is reflected on the disinvestment side. Divergence in performance according to capital formation and net investment/disinvestment was seen also in Broach and East Khandesh. In both these districts net investment was higher than in all other districts; in the ranking according to capital formation, East Khandesh occupied only the fifth position and Broach, the seventh. In both the districts the predominant item of investment was repayments and this explains the divergence in performance shown by the two indicators.

Now that the available data on the working of the economy during the year have been set out, some comments are offered on what appeared to be the circumstances leading to the growth in debt during the year in different districts. A gradual but

persistent uptrend in prices of agricultural commodities from the comparatively low levels reached in the earlier half of 1955 set in towards the middle of that year and within a year prices were lifted to the 1952-3 levels in the case of foodgrains (including pulses) and pushed up to higher levels in the case of commercial crops. Prices of some commodities eased slightly during the earlier half of 1957, but throughout the year covered by the investigation prices ruled at levels higher than during the preceding agricultural year. The rise in the price level during 1956-7, from the levels of the previous year, was comparatively small in the case of 'Textiles' and 'Other products' comprising matches, shoes, bricks and tiles, cement, pottery, glass, etc., which are, perhaps, the major items of finished products on which cultivators generally incur expenditure. The price factor was, thus, favourable to the cultivators during the year covered by the enquiry.

In Nadia, Gaya and Etawah, the seasons of the year covered by the enquiry and the immediate past were abnormal and their cumulative impact on the economy would have been specially marked. There was very little capital expenditure in these districts, apart from the expenditure on purchase of livestock, which too was not large and was probably compulsive in character, to replace the cattle lost through death or other reasons, or the cattle sold earlier in the year. The increase in debt in these districts appeared to be very largely related to the attempt on the part of the cultivating community to maintain a minimum level of consumption expenditure in the face of a fall in the level of returns. Among medium and small cultivators in Broach, the circumstances leading to the growth in debt appeared to be largely similar to those which obtained in Nadia, Gaya and Etawah. Broach had a succession of unfavourable agricultural seasons from 1952-3 to 1956-7. Among big and large cultivators in Broach, however, there was substantial capital expenditure in agriculture, which was partly financed through borrowings, and the increase in debt appeared to be related, to a large extent, to this factor.

In Bikaner, the data show a relatively high level of family expenditure, a low level of capital expenditure and a large increase in debt. Very little owned resources were utilized in the district for financing capital expenditure. Despite this, the family expenditure had to be financed to a marked extent through borrowings, though the seasons were not particularly abnormal. The level of debt at the beginning of the year was relatively high and the operations of the year resulted in pushing the debt to a still higher level. In the remaining districts barring East Khandesh, the growth in debt appeared to be related in a substantial measure to the large-scale developmental activity undertaken during the year. In Mandsaur, the damage to wheat crop might also have influenced, to some extent, the performance during the year. In East Khandesh the volume of debt was practically the same both at the beginning and at the end of the year. Substantial capital expenditure was undertaken in the district during the year; the expenditure was very largely financed out of owned resources. The level of borrowings was relatively high in the district, but the credit was availed mostly for current production purposes and the repayment performance was satisfactory. The data indicate favourable conditions. The position of big and large cultivators was, of course, far superior to that of medium and small cultivators,

but even medium and small cultivators in the district appeared to have fared better than the corresponding groups in other districts, considering the data on capital expenditure and the change in volume of debt. The volume of debt in the district was relatively high, but unlike in other districts, the debt data reflect the position immediately after the bulk of the annual borrowings took place, i.e., when the debt is likely to have been at the highest in the annual cycle.

A comparative study of the results of the First Follow-up Survey and the All-India Rural Credit Survey may now be attempted. The First Follow-up Survey was conducted in only eleven districts, and though they were drawn from different parts of the country, they constitute too small a sample for deriving regional or all-India averages with reasonable degree of precision. It is not possible, therefore, to juxtapose the regional or all-India averages for the two enquiries and undertake any detailed comparative study. Comparisons may, however, be made at the district level, but for this purpose there are only three districts, viz., Broach, West Godavari and Coimbatore, which were common to the two enquiries. Comparisons may also be instituted in a general way, between the broad results regarding the relative performance of districts with different types of economy and the four classes of cultivators. These are attempted in the following paragraphs.

In the first place, the two sets of data may be examined for Broach, West Godavari and Coimbatore. The study is subject to the usual limitation in comparing the data derived from two independent sample enquiries. Further, the outstanding debt at a point of time and the borrowings, repayments, etc., during a period are influenced by a number of factors, including the seasonal conditions and the level of operations of the economy during the period as well as in the past. No information is available regarding the period in between the two enquiries. The change in price level that took place during the period between the two enquiries is another factor which has to be borne in mind while comparing the actual figures of money debt, borrowings, etc. The All-India Rural Credit Survey data on borrowings, repayments, etc., relate roughly to the calendar year 1951; the data on debt was obtained as on the date of visit, which was generally during November 1951 to March 1952 in the different villages, in that enquiry. In the Follow-up Survey, the data on borrowings, repayments, etc., were collected for the year ended 30 April 1957 and the data on debt were obtained as at the end of the period. The Economic Adviser's Index Number of Wholesale Prices (Revised Series: Base—1952-3=100)<sup>1</sup> for all commodities together, which stood at 119.9 for the calendar year 1951 declined to 105.8 for the year ended 30 April 1957. Further, the comparison of the data on debt is subject to a special limitation, which stems from the difference in the position of the time of measurement of debt *vis-a-vis* the agricultural seasons, in the two enquiries. In the First Follow-up Survey, debt was measured as at the end of April, which is usually the time when it is the lowest in the annual cycle. On the other hand, in the All-India Rural Credit Survey, in some villages at least the measurement of debt would have taken place before the annual repayments, i.e., when the debt was at its peak in the annual cycle. All these point

<sup>1</sup> See footnote No. 3 to Table 10.5, page 268.

to the need for great care in attempting the comparative study. Minor differences shown by the data could have arisen on account of the sampling errors and other factors, and only when the differences are pronounced could they be taken to indicate general changes in patterns during the intervening period.

Table 10.4 presents the two sets of data relating to main items, for all classes of cultivators together, for Broach, West Godavari and Coimbatore. Both the enquiries yielded remarkably close estimates of average size of cultivated holdings in Broach and Coimbatore. In West Godavari, the All-India Rural Credit Survey estimate was higher than the estimate obtained in the later enquiry. In this district, in the earlier enquiry, six out of the eight selected villages were from Chintalapudi, Kovvur and Polavaram taluks of the upland tract, where cultivated holdings are relatively large in size, while in the later enquiry only six out of the sixteen villages in the sample were from these taluks. The average size of cultivated holdings in the villages belonging to the above three taluks of the district, according to the Follow-up Survey, was 8.3 acres, which is not substantially less than the average obtained in the All-India Rural Credit Survey.

In every district the proportion of indebted families and the debt per indebted family were at lower levels during 1956-7 than at the time of the All-India Rural Credit Survey. In West Godavari the decline in the proportion was fairly marked, but not that in the level of debt per indebted family. In Broach, on the other hand, the proportion of indebted families did not register as sharp a decline as in West Godavari, but the level of debt per indebted family fell markedly. In Coimbatore there was simultaneous fall in the proportion of indebted families and the debt per indebted family and the decline was marked in both the indicators. The year covered by the All-India Rural Credit Survey was one in which large-scale development activity was initiated in the district, and it was, in a substantial measure, financed from borrowings and this resulted in the debt being pushed up to a very high level. The incidence of debt in the district at the time of the All-India Rural Credit Survey might also have been influenced somewhat by the unfavourable seasonal conditions which prevailed at the time. During the year covered by the Follow-up Survey, the level of development outlay was somewhat lower, and the role of borrowings in financing it was markedly lower, than in the earlier period. Apparently, the higher level of returns resulting from the earlier development activity enabled large reduction in the volume of debt and also made it possible to undertake fresh investment expenditure with a relatively lower scale of borrowings. The good crop conditions of the year covered by the Follow-up Survey and the one or two years immediately preceding it seem to have lent a helping hand to the cultivators. In all the three districts, both as related to value of owned land and value of recorded assets, the burden of debt was lower in 1956-7 than in the earlier period.

In Broach the proportion of borrowing families was substantially higher in 1956-7 than in the earlier period. In West Godavari, on the other hand, a relatively smaller percentage resorted to borrowings during the later period. In both the districts the borrowings per borrowing family remained at roughly the same level

in the two periods. The widespread borrowings of the later period in Broach might be related to some extent to the visitation of an almost unbroken chain of unfavourable agricultural seasons since the All-India Rural Credit Survey. It is, however, significant that despite the succession of natural calamities, there was no marked cumulation of debt in the district. This indicates that uniformly good repayment performance was a characteristic feature of the credit operations in the district. In Coimbatore both the proportion of borrowing families and the average borrowings per borrowing family were markedly lower in 1956-7 than at the time of the All-India Rural Credit Survey.

The repayment performance, indicated by the proportion of repayments to the debt at the end of the year plus repayments, was better during 1956-7 than in the earlier period, in Broach and Coimbatore. In West Godavari the year covered by the All-India Rural Credit Survey witnessed better repayment performance than the later period. In this district, during 1956-7 the need for undertaking large purchases of raw material required for non-farm business and the maintenance of a relatively high level of family expenditure, apparently considerably strained the available resources of cultivators. The family expenditure in the district during 1956-7 was markedly higher than in the year of the All-India Rural Credit Survey. The main items in relation to which a comparatively large rise in the level of expenditure was noted were medical and educational expenses. In Broach and Coimbatore the level of family expenditure was only slightly higher in 1956-7 than in the earlier period.

In Broach the gross capital expenditure in directions leading to fixed capital formation was substantially higher during 1956-7 than at the time of the All-India Rural Credit Survey. In the other two districts, the level of gross capital formation expenditure was lower in 1956-7 than in the earlier period. The calculations of net investment/disinvestment show a better performance in 1956-7 than in the earlier period, in both Broach and Coimbatore. Thus, in Coimbatore, while capital formation was relatively higher in the year of the All-India Rural Credit Survey, the year of the Follow-up Survey witnessed relatively higher net investment. This apparent divergence in performance shown by the two indicators arose on account of the relatively larger role of borrowings in financing capital formation in the period covered by the All-India Rural Credit Survey. The debt in Coimbatore increased by about Rs 400 per cultivating family during that period, while the increase in debt in the district during 1956-7 was only about Rs 160 per cultivating family. In West Godavari, there was net investment of Rs 127 per cultivating family during the year covered by the All-India Rural Credit Survey, but the calculations for the later period show a net disinvestment of Rs 57 per cultivating family. The special circumstances which appeared to have influenced the working of the economy in the district during 1956-7 were explained in an earlier context.

A very broad comparison of the main results obtained in the two enquiries may now be attempted. The general results regarding the relative performance of districts with different types of economy and state of development, obtained in the two enquiries, were broadly similar. In both the enquiries it was seen that the performance of districts with relatively developed and monetized economies was superior to that of

TABLE 10.4—DATA RELATING TO MAIN ITEMS—ALL-INDIA RURAL CREDIT SURVEY 1951-2 AND THE FOLLOW-UP SURVEY 1956-7 : CULTIVATORS

Item	BROACH		WEST GODAVARI		COIMBATORE	
	1951-2	1956-7	1951-2	1956-7	1951-2	1956-7
Area of cultivated holdings per family (Acres)	13.3	12.9	8.9	6.3	9.2	8.8
Debt at the end of the year						
Proportion of indebted families (Per cent)	74.3	62.7	85.3	66.7	76.0	58.5
Debt per family (Rs)	556	391	871	655	1,204	652
Debt per indebted family (Rs)	749	624	1,022	982	1,583	1,114
Debt as percentage of value of owned land ...	15.2	5.6	14.5	6.8	10.9	6.0
Debt as percentage of value of recorded assets ...	8.6	4.0	10.4	5.5	8.3	5.0
Borrowings during the year						
Proportion of borrowing families (Per cent)	67.7	78.7	77.8	58.8	48.4	39.8
Borrowings per family (Rs)	306	462	578	449	495	215
Borrowings per borrowing family (Rs)	530	588	743	764	1,023	539
Repayments during the year						
Proportion of repaying families (Per cent)	62.6	70.6	54.6	32.0	6.5	25.5
Repayments per family (Rs)	221	369	262	159	105	101
Repayments per repaying family (Rs)	354	483	480	498	1,629	395
Repayments as percentage of debt at the end of the year plus repayments ...	28.5	48.6	23.1	19.5	8.0	13.4
Total family expenditure per family (Rs)	410	433	460	535	463	472
Total capital expenditure in agriculture per family (Rs)	183	285	388	349	440	392
Gross capital formation expenditure per family <sup>1</sup> (Rs)	92	151	351	280	403	320
Capital formation excluding repair and replacement expenditure per family <sup>2</sup> (Rs)	..	93	..	135	..	213
Net investment (+) or net disinvestment (—) per family <sup>3</sup> (Rs)	+109	+200	+127	—57	+ 81	+123

<sup>1</sup> Capital expenditure in agriculture excluding expenditure on land and livestock purchase, capital expenditure in non-farm business and expenditure on construction and repairs of residential houses and other buildings.

<sup>2</sup> Replacement expenditure was specifically asked for only in respect of agricultural implements, machinery, transport equipment, etc.

<sup>3</sup> The data for 1951-2 are inclusive of expenditure on repairs and replacements. Repair and replacement expenditure, to the extent available, was excluded from the calculations for 1956-7.

[Source: (1) Report of the Committee of Direction of the All-India Rural Credit Survey, Volume I, The Survey Report.

(2) Follow-up Survey 1956-7: Listing Schedule (for area of cultivated holdings) and General Demand Schedule (for other data)]

TABLE 10.5—INDEX NUMBERS OF AGRICULTURAL PRODUCTION AND WHOLESALE PRICES

Year <sup>1</sup>	AGRICULTURAL PRODUCTION (BASE: AGRICULTURAL YEAR 1949-50=100)				WHOLESALE PRICES (BASE: YEAR ENDED MARCH 1953=100) <sup>2</sup>				
	Food- grains	Oil- seeds	Cotton	Sugar- cane	Year/ Month	Food articles	Oil- seeds	Cotton raw	Su- gar- cane
1950-1 ...	90.5	98.5	110.7	113.7	1951				
					March ...	112.4	149	144	111
					June ...	116.9	154	128	111
					September...	113.7	130	121	111
					December ...	110.2	129	135	111
1951-2 ...	91.1	97.4	119.2	122.8	1952				
					March ...	93.7	85	109	111
					June ...	97.9	88	102	111
					September...	103.7	107	109	111
					December ...	96.5	96	90	85
1952-3 ...	101.1	91.9	121.0	101.6	1953				
					March ...	102.2	115	96	83
					June ...	113.3	137	99	83
					September...	111.7	137	101	83
					December ...	101.6	111	105	91
1953-4 ...	119.1	103.7	151.8	89.5	1954				
					March ...	98.6	109	108	91
					June ...	97.3	102	103	91
					September...	100.4	95	100	91
					December ...	87.7	84	104	91
1954-5 ...	115.0	122.6	163.6	115.9	1955				
					March ...	82.9	71	92	92
					June ...	83.7	74	93	92
					September...	85.3	81	95	92
					December ...	87.5	92	102	92
1955-6 ...	115.3	108.6	153.9	119.8	1956				
					March ...	92.8	106	107	91
					June ...	99.0	116	111	91
					September...	103.6	124	109	91
					December ...	105.1	124	109	91
1956-7 <sup>2</sup> ...	120.5	118.9	182.2	135.3	1957				
					March ...	102.3	119	113	91

<sup>1</sup> Relates to the agricultural year.

<sup>2</sup> The indices for 1956-7 are generally based on partially revised estimates and are, therefore, subject to revision.

<sup>3</sup> The figures for the period January 1951 to April 1953 relate to a derived series, subject to revision.

(Source: (1) Index numbers of agricultural production—*Agricultural Situation in India*, published by the Ministry of Food and Agriculture, Government of India.  
(2) Index numbers of wholesale prices—Office of the Economic Adviser, Ministry of Commerce and Industry, Government of India)

districts with low monetized subsistence type economies. The credit activity was also at a substantially higher level in the former type of districts than in the latter. Further, both the enquiries show that broadly the inter-district variations stemmed from the differences in the level of operations of big and large cultivators and that the economic conditions of medium and small cultivators, especially the latter group, were similar in the different districts barring a few notable exceptions.

It is difficult to trace the movements in the level of debt since the time of the All-India Rural Credit Survey. The period 1952-3 to 1955-6 was one in which production of most of the principal crops was maintained at levels markedly higher than in 1951-2. There were, however, sharp oscillatory movements in wholesale prices of agricultural commodities during the period. A sharp fall in prices, especially of cash crops, from the high levels reached earlier during the year, commenced towards the end of 1951 and, throughout the year 1952, prices ruled at levels substantially lower than in the preceding year. In 1953 there was a brief period of recovery, but prices shed some of the earlier gains after the *kharif* harvests and continued to show a downward movement, which gathered momentum in the second half of 1954 and continued unabated, till comparatively low levels were touched during the middle of 1955. Since then there was a general improvement in the level of prices, but it was only towards the beginning of 1956 that prices of cash crops reached the 1952-3 levels and it took another six months or so before foodgrains prices reached the 1952-3 levels. But, whatever the trend in indebtedness during the period between the two enquiries, it would appear that the burden of debt was generally not worse in 1956-7 than at the time of the All-India Rural Credit Survey. Indeed, in every one of the three districts which were common to both the enquiries, viz., Broach, West Godavari and Coimbatore, it was lower at the time of the Follow-up Survey than in the earlier period.



## CHAPTER 11

# RELATIVE IMPORTANCE OF CREDIT AGENCIES

### 11.1 TYPES OF DATA USED

As a preliminary to the discussion on co-operative finance, it is proposed to study in this chapter the role of various agencies supplying credit to cultivators in the districts selected for investigation. For this purpose, the data relating to borrow-

**TABLE 11.1—NUMBER OF CO-OPERATIVE CREDIT SOCIETIES AND MEMBERS SELECTED FOR THE SUPPLY-SIDE INVESTIGATION**

	Area covered by pilot project under the Integrated Rural Credit Scheme		OF THE SOCIETIES SELECTED		NUMBER OF MEMBERS IN RESPECT OF WHOM ISS(2) WAS CANVASSED	
			Number of societies in villages selected for demand-side investigation	Number of societies purposively selected	For societies in villages selected for demand-side investigation	For purposively selected societies
			2	3	4	5
Broach ...	Entire district		12	4	206	73
East Khandesh ...	Entire district		14	—	161 <sup>1</sup>	—
Dharwar ...	Entire district		11	5	189	95
Coimbatore ..	Three taluks	Pilot Project Area	5	4	73	61
		Other Area	9	1	110	16
West Godavari ...	Two taluks	Pilot Project Area	5	5	111	96
		Other Area	6	3	94	59
Ferozepur ...	—		17	3	168	36
Etawah ...	Mahewa Rural Credit Project Area covering 21 out of 1,477 villages	—	1	6	13	72
		Mahewa Rural Credit Project Area <sup>2</sup>	10	—	101	—
		Other Area	14	2	158	32
Mandsaur <sup>3</sup> ...	—		14	4	90 <sup>4</sup>	51
Gaya ...	—		13	3	87 <sup>4</sup>	52
Nadia ...	—		—	—	—	—
Bikaner ...	—		—	—	—	—

<sup>1</sup>Schedules were filled in in respect of 161 members in thirteen villages selected for demand-side investigation.

<sup>2</sup>This refers to the project undertaken by the Planning, Research and Action Institute, Lucknow, which was called 'Pilot Project' and/or 'Multi-purpose Co-operative Union Project, Mahewa, Etawah.'

<sup>3</sup>The pilot project covered only a small area.

<sup>4</sup>Total number of members selected for investigation was less than 160, the minimum number of members to be interviewed, mainly because members of some dormant societies could not be traced.

ings and debt of cultivators collected in the General Demand Schedule No. 1 and the Intensive Supply Schedule No. 2 (hereafter referred to as GDS (1) and ISS (2), respectively) are examined. Table 11.1 gives the total number of co-operative credit societies and their members selected for the supply-side investigation.

The main purpose of ISS(2) was to collect from the members of the selected co-operative credit societies data relating to their borrowings and repayments, sale of agricultural produce made by them through co-operatives during the period from May 1956 to April 1957, debt outstanding at the beginning and at the end of this period, loan transactions with the credit and marketing societies, and also to elicit their views on the various aspects of the working of these societies. In Broach, Dharwar and Ferozepur districts, however, it was considered useful to provide for collection of some additional information from the selected members through this schedule; some additional blocks were accordingly added to the schedule for these districts only. In West Godavari and Etawah districts, slightly modified schedules were used in the pilot project areas. In East Khandesh district, a special schedule which had some blocks in common with ISS(2), was canvassed for 161 members of co-operative societies. The period covered by this schedule was from 16 March 1957 to 15 March 1958. The investigation was carried out in two rounds. Information for the period 16 March 1957 to 31 October 1957 was collected in the first round and for the period 1 November 1957 to 15 March 1958 in the second round. The following discussion is, however, based on data collected in the blocks which were common in these schedules.

### 11.2 RELATIVE IMPORTANCE OF VARIOUS CREDIT AGENCIES

The relative importance of various credit agencies may be indicated with the help of two indicators, namely, the proportion of borrowings of cultivators from

**TABLE 11.2—BORROWINGS FROM DIFFERENT CREDIT AGENCIES DURING MAY 1956 TO APRIL 1957**

District	Average amount borrowed per cultivating family from all credit agencies (Rs)	AVERAGE BORROWINGS PER CULTIVATING FAMILY FROM		PROPORTION OF BORROWINGS FROM THIS AGENCY TO TOTAL BORROWINGS (Per cent)				
		Government	Co-operatives	Government	Co-operatives	Relatives	Commercial banks	Private credit & other agencies
		(Rs)	(Rs)					
	1	2	3	4	5	6	7	8
Broach ...	462	26	152	6	33	12	—	49
East Khandesh ...	237	—	114	—	48	23	1	28
Dharwar ...	219	5	46	2	21	30	—	47
Coimbatore ...	215	3	15	1	7	3	6	83
West Godavari ...	449	4	99	1	22	—	2	75
Ferozepur ...	568	4	28	1	5	36	—	58
Etawah ...	161	3	17	2	11	10	—	77
Mandsaur ...	277	3	23	1	8	3	—	88
Gaya ...	113	4	—	3	—	7	—	90
Nadia ...	143	18	2	13	1	27	—	59
Bikaner ...	322	—	—	—	—	1	—	99

(Source : General Demand Schedule No. 1)

each agency to their total borrowings and the proportion of debt owed by them to each agency to their total debt. In Chapters 2,3 and 4 the size of borrowings and of the outstanding debt in the selected districts as also the factors responsible for the variations from one district to another have been already discussed.

#### 11.2.1 Inter-district variations

The average amount borrowed per cultivating family and the proportion of borrowings from different agencies to total borrowings for each of the selected districts are given in Table 11.2 and Appendix Table 11.1.

The credit agencies were classified under five categories, namely, Government, co-operatives, relatives, commercial banks and private credit agencies which included professional moneylenders, agriculturist moneylenders, and traders and commission agents. From the above table it appears that the dependence of cultivators for credit on the private credit agencies was more in Coimbatore, West Godavari, Etawah, Mandasaur, Gaya and Bikaner, as they accounted for 75 per cent or more of their total borrowings. On the other hand, in East Khandesh, borrowings from this source formed 28 per cent of their total borrowings; the corresponding proportions ranged between 40 and 50 per cent in Broach and Dharwar and between 50 and 60 per cent in Ferozepur and Nadia. Relatives as a credit agency were important only in East Khandesh, Dharwar, Ferozepur and Nadia, accounting for between 20 and 40 per cent of the total borrowings of cultivators. Borrowings from commercial banks were reported by cultivators in three districts only, viz., East Khandesh, Coimbatore and West Godavari.

Co-operatives were a relatively more important source of credit in East Khandesh and Broach, accounting for 48 and 33 per cent of the total borrowings of cultivators, respectively. In West Godavari and Dharwar, this proportion was 22 per cent and 21 per cent, respectively. In the remaining districts, it was 11 per cent or less.

Borrowings from Government were very small at 6 per cent or less of the total borrowings in all the districts except Nadia where the proportion was 13 per cent.

The relative importance of various credit agencies as revealed by the data relating to debt was not very different. As may be seen from Table 11.3, the private credit agencies accounted for 72 per cent or more of the total debt of cultivators in Coimbatore, West Godavari, Ferozepur, Etawah, Mandasaur, Gaya and Bikaner. In Broach, Dharwar and East Khandesh, however, these accounted for less than 50 per cent of the total debt. The importance of relatives and commercial banks in the selected districts as revealed by the data on debt was the same as that indicated by the data on borrowings.

The proportion of debt owed to Government formed 10 per cent or less of the total debt of cultivators in all the districts except Broach and Nadia where it was 23 per cent and 49 per cent, respectively. The relatively higher proportion in Nadia was due to large amounts advanced for rehabilitation of displaced persons.

TABLE 11.3—DEBT OWED TO DIFFERENT CREDIT AGENCIES AS AT THE END OF APRIL 1957

District	Average amount of debt per cultivating family owed to all credit agencies (Rs)	AVERAGE DEBT OWED PER CULTIVATING FAMILY TO		PROPORTION OF DEBT OWED TO THIS AGENCY TO TOTAL DEBT (Per cent)				
		Government	Co-operatives	Government	Co-operatives	Relatives	Commercial banks	Private credit & other agencies
		(Rs)	(Rs)	4	5	6	7	8
Broach	391	91	67	23	17	11	—	49
East Khandesh	333	15	126	4	38	22	3	33
Dharwar	277	22	89	8	32	20	—	40
Coimbatore	652	66	38	10	6	1	2	81
West Godavari	655	9	118	1	18	—	1	79
Ferozepur	983	67	47	7	5	16	—	72
Etawah	189	3	17	2	9	9	—	80
Mandsaur	387	26	36	7	9	3	—	81
Gaya	194	10	—	5	—	6	—	89
Nadia	253	125	1	49	—	12	—	38
Bikaner	702	2	—	—	—	1	—	99

(Source : General Demand Schedule No. 1)

In Broach, particularly in the western parts of the district, Government had to advance *taccavi* loans during the period of scarcity in 1949-50 and 1952-3, some of which continued to remain outstanding. In Coimbatore, Government had advanced large number of loans for lift-irrigation in the years preceding the Survey year. As these loans were generally for medium and long-term duration, the proportion of debt owed to it to the total debt was much higher than that of borrowings from it to total borrowings during the Survey year.

The proportion of debt owed to co-operatives to total debt was the highest at 38 per cent in East Khandesh, followed by Dharwar at 32 per cent. It was 18 per cent in West Godavari and 17 per cent in Broach, and less than 10 per cent in the remaining districts. The ranking of the districts according to the proportion of borrowings from and debt owed to co-operatives to total borrowings and total debt, respectively, indicated little change in the relative importance of co-operatives.

#### 11.2.2 Inter-decile group variations—Government finance

The proportion of debt owed to Government to total outstanding debt is a better indicator of the importance of Government as a source of credit than the proportion of total borrowings during the year from Government. Hence, data relating to debt owed by the four groups of cultivators to Government are given in Table 11.4 and Appendix Table 11.2.

In almost all the selected districts, except Nadia, the proportion of debt owed to Government to total debt owed to all agencies was relatively higher in the case of the bigger cultivators. In Nadia, as Government loans were

TABLE 11.4—DEBT OWED TO GOVERNMENT BY VARIOUS GROUPS OF CULTIVATORS AS AT THE END OF APRIL 1957

District	DEBT OWED TO GOVERNMENT AS PROPORTION OF TOTAL DEBT OWED TO ALL AGENCIES (Per cent)			
	Big	Large	Medium	Small
	1	2	3	4
Broach	11	32	15	5
East Khandesh	5	4	6	—
Dharwar	10	8	9	5
Coimbatore	25	16	—	3
West Godavari	2	2	—	—
Ferozepur	17	9	7	2
Etawah	2	1	3	2
Mandsaur	11	8	8	1
Gaya	6	9	3	—
Nadia	33	44	41	66
Bikaner	—	—	1	—

(Source : General Demand Schedule No. 1)

given to displaced persons, debt owed to Government formed as high a proportion as 66 per cent in the case of small cultivators as compared to 33 per cent in the case of big cultivators.

TABLE 11.5—IMPORTANCE OF CO-OPERATIVE CREDIT: INTER-DISTRICT VARIATIONS

District	LISTING SCHE- DULE DATA	GENERAL DEMAND SCHEDULE NO. 1 DATA						
		Proportion of members to total number of cultivating families	Proportion of families borrowing from co-operatives to total number of families	Proportion of families borrowing from co-operatives to total number of borrowing families	Proportion of borrowings from co-operatives to total borrowings	Proportion of debt owed to co-operatives to total debt	Average borrowings per family from co-operatives	Average debt owed to co-operatives per family
		(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Rs)	(Rs)
		1	2	3	4	5	6	7
		8	9	10	11	12	13	14
Broach	...	34	25	32	33	17	152	67
East Khandesh	...	41	34	68	48	38	114	126
Dharwar	...	42	11	17	21	32	46	89
Coimbatore	...	23	6	16	7	6	15	38
West Godavari	...	29	23	39	22	18	99	118
Ferozepur	...	21	9	14	5	5	28	47
Etawah	...	26	14	22	11	9	17	17
Mandsaur	...	24	10	17	8	9	23	36
Gaya	...	10	—	—	—	—	—	—
Nadia	...	15	1	1	1	—	2	1
Bikaner	...	—	—	—	—	—	—	—

### 11.3 ROLE OF CO-OPERATIVES

Various indicators, such as those given in Table 11.5, may be used for assessing the importance of co-operative credit in the selected districts. As each indicator taken singly has its limitations, it is necessary to consider these indicators together.

Column (1) gives the proportion of members of co-operatives to total number of cultivating families. However, all members might not have been financed by co-operatives. For instance, in Gaya and Nadia, though the proportion of members of co-operatives to total number of cultivating families was 10 per cent and 15 per cent, respectively, the proportion of cultivating families reporting borrowings from co-operatives was nil and 1 per cent, respectively, which was mainly due to the existence of a large number of dormant societies in these districts.

#### 11.3.1 Inter-district variations

There are also inter-district variations in the proportion of borrowing and indebted families to total number of cultivating families. Thus, the proportion of cultivating families which reported borrowings to total number of cultivating families during the year was 79 per cent in Broach and 40 per cent in Coimbatore; the proportion of indebted families in these two districts was 63 per cent and 58 per cent, respectively. Hence, any single indicator, as for instance, the proportion of families borrowing during the year or the average borrowings per family during the year, would not by itself enable a valid comparison. This may be illustrated by the General Demand Schedule No. 1 data relating to Broach, Etawah and Ferozepur given below :

	Broach	Etawah	Ferozepur
Average borrowings per cultivating family from all agencies (Rs).	462	161	568
Average borrowings per cultivating family from co-operatives (Rs) ...	152	17	28
Proportion of borrowings from co-operatives to total borrowings (Per cent) ...	33	11	5
Average borrowings from co-operatives per borrowing cultivating family (Rs) ...	614	123	294
Proportion of cultivating families borrowing from all agencies (Per cent) ...	79	64	67
Proportion of cultivating families borrowing from co-operatives (Per cent) ...	25	14	9
Proportion of cultivating families borrowing from co-operatives to total number of borrowing cultivating families (Per cent)...	32	22	14
Average debt per cultivating family (Rs) ...	391	189	983
Average debt owed to co-operatives per cultivating family (Rs)...	67	17	47
Proportion of debt owed to co-operatives to total debt (Per cent).	17	9	5

In Broach where repayment of crop loans immediately after the harvest was emphasized under the crop loan system, the debt owed to co-operatives in April (i.e., immediately after the cotton harvest) was much lower. However, the proportion of families borrowing during the year and the average amount borrowed during the year was high mainly because of its highly commercialized agriculture. As compared to Etawah and Ferozepur, the co-operatives in Broach were playing a much more important role than would be revealed by any one set of data. It is rather difficult to state whether co-operatives were better developed in Etawah than in Ferozepur. Though for the given levels of borrowings co-operatives in Etawah appeared to have fared better than those in Ferozepur, the quantum of loan advanced by the latter was larger than that advanced by the former.

It may also be pointed out here that the variations in the loan policies of central financing agencies and primary co-operatives, which will be discussed in detail in the following chapters, also influence credit operations. Thus, short-term loans predominated in Broach, East Khandesh and Dharwar, and medium-term loans in Coimbatore and Mandsaur. In Gaya, co-operative finance was almost negligible and in Nadia the position was not better. Under these circumstances, data on borrowings reported by cultivators may not indicate correctly the role of co-operatives, particularly in the districts where medium-term loans were predominant. In these districts, the size and proportion of debt owed to co-operatives would also have to be taken into consideration while assessing their progress.

### 11.3.2 Borrowings from co-operatives according to purpose-duration

Of the total borrowings from co-operatives those for short-term agricultural purposes exceeded 50 per cent in Broach, East Khandesh and Dharwar (Table 11.6 and Appendix Table 11.3). The proportion was as high as 85 per cent and 96 per cent in Broach and East Khandesh, respectively. In Gaya where short-term loans were given mostly in the form of fertilizer loans under the *Credit Agricole* Scheme, co-operatives were relatively undeveloped. In Nadia also, as will be seen later, most of the co-operatives were either weak or dormant.

In Coimbatore, West Godavari, Ferozepur, Etawah and Mandsaur, borrowings for medium-term and long-term purposes from co-operatives were relatively larger.

In Etawah and Mandsaur, loans were given by co-operatives mostly for medium-term purposes. In Etawah, co-operatives technically advanced loans for short-term, but these were granted for purchase of cattle<sup>1</sup>. In Mandsaur, 91 per cent of the loans advanced were for medium-term and long-term purposes.

As a result of differences in loan policies and procedures, the extent to which co-operatives were able to meet the credit needs of cultivators for different purposes showed considerable variations, as will be seen from Table 11.7.

<sup>1</sup>The classification of loans according to duration given in Table 11.6 is based on the purposes for which the loans were given. In this classification, loans for purchase of cattle were treated as medium-term loans.

TABLE 11.6—BORROWINGS FROM CO-OPERATIVES ACCORDING TO PURPOSE AND DURATION

(Amount in rupees)

District	AVERAGE BORROWINGS FROM CO-OPERATIVES PER CULTIVATING FAMILY FOR							
	AGRICULTURAL PURPOSES			CONSUMPTION PURPOSES		Repayment of debt	Other purposes and for more than one purpose <sup>1</sup>	Total
	Short-term	Medium-term	Long-term	Short-term	Long-term			
	1	2	3	4	5	6	7	8
Broach	129	2	4	4	—	—	13	152
East Khandesh	109	1	3	1	1	—	—	114
Dharwar	26	3	12	1	2	—	3	46
Coimbatore	3	4	4	2	—	2	—	15
West Godavari	16	20	22	15	1	13	13	99
Ferozepur	4	17	3	2	1	1	—	28
Etawah	1	16	—	—	1	—	—	17
Mandsaur	—	10	6	1	5	1	—	23
Gaya	—	—	—	—	—	—	—	—
Nadia	1	1	—	—	—	—	—	2
Bikaner	—	—	—	—	—	—	—	—

(Source: General Demand Schedule No. 1)

<sup>1</sup>Inclusive of non-farm business purposes.

TABLE 11.7—IMPORTANCE OF CREDIT FROM CO-OPERATIVES FOR DIFFERENT PURPOSES AND DURATION

District	PERCENTAGE OF BORROWINGS FROM CO-OPERATIVES TO TOTAL BORROWINGS FROM ALL AGENCIES FOR					
	AGRICULTURAL PURPOSES			CONSUMPTION PURPOSES		Repayment of debt
	Short-term	Medium-term	Long-term	Short-term	Medium-term	
	1	2	3	4	5	6
Broach	69	6	9	4	—	—
East Khandesh	71	7	10	6	3	—
Dharwar	58	13	33	2	5	—
Coimbatore	35	12	6	10	—	100
West Godavari	28	31	25	21	1	60
Ferozepur	4	23	4	1	1	4
Etawah	8	34	—	—	1	—
Mandsaur	2	24	12	1	4	26
Gaya	1	—	—	—	—	—
Nadia	6	4	—	—	—	—
Bikaner	—	—	—	—	—	—

(Source: General Demand Schedule No. 1)



In East Khandesh and Broach, 71 per cent and 69 per cent, respectively, of the borrowings for short-term agricultural purposes were met by co-operatives. The corresponding proportions ranged between 28 per cent and 58 per cent in Dharwar, Coimbatore and West Godavari. In the remaining districts, it was negligible. In West Godavari and Coimbatore, co-operatives accounted for a significant proportion of medium-term and long-term borrowings of cultivators. In Etawah, Mandasaur and Ferozepur co-operatives supplied a relatively larger proportion of medium-term borrowings.

As stated above, information regarding credit operations was collected in respect of a sample of members of co-operative societies in ISS(2). Data relating to dependence of members on co-operatives for credit are given in Table 11.8.

TABLE 11.8—BORROWINGS FROM AND DEBT OWED TO CO-OPERATIVES BY THE SELECTED MEMBERS

District	Proportion of members borrowing from co-operatives (Per cent)	Average borrowings from co-operatives per member (Rs)	Proportion of borrowings from co-operatives to total borrowings (Per cent)	Proportion of members reporting debt to co-operatives in April 1957 (Per cent)	Average debt owed to co-operatives per member (Rs)	Proportion of debt owed to co-operatives to total debt owed (Per cent)
	1	2	3	4	5	6
Broach	71	506	58	23	150	29
East Khandesh	72	357	57	..	..	..
Dharwar	34	174	54	63	290	65
Coimbatore:						
Pilot Project Area	43	199	84	53	269	32
Other Area	33	135	29	43	249	15
West Godavari:						
Pilot Project Area	64	408	57	72	491	54
Other Area	71	341	41	76	418	33
Ferozepur	43	164	28	69	217	19
Etawah:						
Mahewa Rural Credit Project Area	85	141	59	86	160	48
Other Area	50	64	32	68	81	35
Mandasaur	48	121	32	66	157	28
Gaya	24	25	11	23	20	6
Nadia	13	25	30	22	38	25
Bikaner	—	—	—	—	—	—

(Source : Intensive Supply Schedule No. 2)

Data relating to borrowings from and debt owed to co-operatives have to be considered with due regard to the extent of coverage of cultivating families by co-operatives as revealed by the Listing Schedule data (Col. 1, Table 11.5). It may be noted that the development of co-operatives is greater in Broach and East Khandesh followed by Dharwar, Coimbatore, West Godavari, Ferozepur, Etawah and Mandasaur in that order. The performance of co-operatives in Gaya and Nadia

was found to be very unsatisfactory even in regard to meeting the credit needs of their very small membership. Thus, the data collected from the members are generally in agreement with the data collected in the General Demand Schedule.

The average amount borrowed from co-operatives exceeded Rs 400 per member in Broach and in the pilot project area of West Godavari. On the other hand, it was only Rs 64 in the area not covered by the Mahewa Rural Credit Project in Etawah district and was only Rs 25 in Gaya and Nadia.

Another important feature revealed by this table is that except in Broach and Gaya, the average debt owed to co-operatives exceeded the total borrowings from the co-operatives during the year. The position in Broach can be explained in terms of greater efforts made for ensuring prompt recovery under the crop loan system.

#### 11.4 COMPARISON OF 1951-2 DATA WITH 1956-7 DATA ON BORROWINGS FROM CO-OPERATIVES

Of the eleven districts selected for the Rural Credit Follow-up Survey, 1956-7, three districts, namely, Broach, West Godavari and Coimbatore were among the 75 districts selected for the All-India Rural Credit Survey, 1951-2. Table 11.9 on page 280 gives data on expenditure on recorded items and borrowings of cultivators for these three districts for 1951-2 and 1956-7. As already noted in Chapter 10, a comparative study of the data for the two periods is subject to limitations; nevertheless it might provide some broad indication regarding the progress made by co-operatives since 1951-2.

It will be seen that the level of expenditure in 1956-7 as compared to that in 1951-2, increased appreciably in Broach, while in Coimbatore it declined to some extent. An increase in the level of expenditure was noticed in West Godavari also. The higher level of expenditure in Broach was partly due to an increase in the level of repayments as also partly due to a rise in the level of capital expenditure in 1956-7 as compared to 1951-2. The average amount borrowed per cultivating family increased in Broach, but declined in West Godavari and Coimbatore. The proportion of total expenditure financed from borrowings did not show a notable change in Broach, but it recorded a decline in the other two districts.

The proportion of cultivating families borrowing from co-operatives and the average amount borrowed per cultivating family from co-operatives indicated an increase in Broach and West Godavari. In Coimbatore, where co-operative finance was relatively less important, no significant change was noticed. Proportion of borrowings from co-operatives to total borrowings from all agencies for short-term agricultural purposes increased from 60 per cent in 1951-2 to 69 per cent in 1956-7 in Broach, from negligible proportion to 35 per cent in Coimbatore, and from 2 per cent to 28 per cent in West Godavari.

TABLE 11.9—TOTAL EXPENDITURE ON RECORDED ITEMS AND BORROWINGS IN BROACH, COIMBATORE AND WEST GODAVARI IN 1951-2 AND 1956-7 <sup>1</sup>

	BROACH		COIMBATORE		WEST GODAVARI	
	1951-2	1956-7	1951-2	1956-7	1951-2	1956-7
	1	2	3	4	5	6
1. Total expenditure per cultivating family on recorded items (capital expenditure in agriculture, family expenditure, capital expenditure in non-farm business and other expenditure excluding repayment of debt) (Rs) ...	601	750	963	888	968	1,061
2. Repayment of debt per cultivating family (Rs)...	221	369	105	101	262	159
3. Total expenditure <sup>2</sup> financed out of borrowings per cultivating family (Rs) ...	171	210	288	185	431	345
4. Item 3 as proportion of 1+2 (Per cent) ...	21	19	27	19	35	28
5. Average amount borrowed during the year per cultivating family (Rs) ...	306	462	495	215	578	449
6. Average borrowings from co-operatives per cultivating family (Rs)...	96	152	18	15	18	99
7. Proportion of families borrowing from co-operatives to the total number of families (Per cent) ...	21	25	5	6	10	23
8. Borrowings from co-operatives as proportion of total borrowings (Per cent) ...	32	33	4	7	3	22
9. Average borrowings for short-term agricultural purposes from co-operatives per cultivating family (Rs) ...	81	129	—	3	3	16
10. Item 9 as proportion of total borrowings from all agencies for short-term agricultural purposes (Per cent) ...	60	69	—	35	2	28

(Source : The All-India Rural Credit Survey, 1951-2, The Technical Report Vol. III and The General Demand Schedule No. 1, 1956-7)

<sup>1</sup>For discussion on comparison of data refer also to Chapter 10.

<sup>2</sup>Inclusive of repayment of debt.

## CHAPTER 12

### CO-OPERATIVE FINANCE—GENERAL BACKGROUND

In this chapter it is proposed to review briefly the important developments which took place from the date of publication of the General Report on the All-India Rural Credit Survey in December 1954 upto the end of the Survey year. The salient features of the co-operative credit structure in different States as it existed during this period are also brought out with a view to providing a background for the discussion on the role of co-operative credit agencies in the following chapters.

#### 12.1 SOME IMPORTANT DEVELOPMENTS AT ALL-INDIA LEVEL

The Integrated Rural Credit Scheme, outlined in the General Report on the All-India Rural Credit Survey 1951-2, was considered and generally accepted at the Second Indian Co-operative Congress held at Patna in March 1955 and the First State Ministers' Conference on Co-operation held at New Delhi in April 1955. The Central and State Governments adopted the Scheme, and it was embodied in India's Second Five Year Plan, 1956-61. The following tentative targets were laid down for the Second Five Year Plan period for the country as a whole.

	Position in 1954-5	Targets for 1960-1
1. Number of large size co-operative credit societies ...	—	10,400
2. Number of marketing societies ...	—	1,908
3. Membership of primary agricultural credit societies ...	5 millions	15 millions
4. Short-term loans ...	Rs 30 crores	Rs 150 crores
5. Average loan per member ...	Rs 60	Rs 100
6. Medium-term loans ...	Rs 10 crores	Rs 50 crores
7. Long-term loans ...	Rs 3 crores	Rs 25 crores

(Source : Review of the Co-operative Movement in India 1954-6)

The First State Ministers' Conference also recommended that as the implementation of the Integrated Rural Credit Scheme outlined by the All-India Rural Credit Survey Committee would involve a large outlay and would call for considerable organization, it might be tried on a pilot basis in two or three selected districts or self-contained units in every State in 1955-6 and the funds required for the purpose found in the First Five Year Plan.

Following the First State Ministers' Conference, two other conferences were held, one at Hyderabad in November 1955 and the other at Jaipur in February 1956 which discussed mainly the problems relating to co-operative marketing and

processing, warehousing, land mortgage banks and training of personnel. At the Hyderabad Conference, the following recommendations, among others, were made.

1. "That in view of the fact that large sized co-operative credit societies will in future be giving credit on a much larger scale against anticipated crops and also of the fact that such loans will have to be recovered through co-operative marketing societies with which the co-operative credit societies will be affiliated, steps should be taken urgently to set up co-operative marketing societies even in advance of the large sized credit societies. These marketing societies will not only help organised selling and recovery of loans but will also stock and supply seeds, fertilizers and other production requisites to the credit societies for distribution to the farmers.

2. That for carrying out the activities mentioned in 1 above effectively, the following division of functions between the co-operative credit and marketing societies may be adopted:-

(a) the Credit Society will be responsible for giving production loans which will include seeds, fertilisers and implements valued in cash,

(b) the marketing society will advance loans on the pledge of produce, arrange its sale and, wherever necessary, make outright purchases, limiting such purchases to the minimum level possible. It will also act as a recovering agent for the credit co-operative,

(c) although the credit society will not itself arrange for the sale of the members' produce, it may, wherever necessary, collect the produce from its members and store it in its godown until it is sent to the marketing society. It may also give a loan on the security of the agricultural produce until the disposal of the produce by marketing society,

(d) although, as a general rule, production credit should not be provided by the marketing society, the State Government may, for special reasons, permit the marketing societies to advance production credit to their members.

3. That arrangements should be made to ensure that every agriculturist member of a credit society who borrows money from it will be required to sell his produce through the marketing society to which the credit society is affiliated. This may be done by obtaining an agreement from the borrower at the time of giving a loan, or by suitable legislation."

The Second State Ministers' Conference on Co-operation, held at Mussoorie in July 1956, reviewed the targets for agricultural credit and recommended that the programme for setting up large size societies and marketing societies under the Second Five Year Plan should be accelerated so as to reach the target by the end of 1959-60 instead of 1960-1. The targets for co-operative processing societies were also revised upwards.

In pursuance of a recommendation in the General Report on the All-India Rural Credit Survey, the Agricultural Produce (Development and Warehousing) Corporations Act was passed in 1956. In terms of the provisions of this Act, the Central Government set up the National Co-operative Development and Warehousing Board on 1 September 1956 and the Central Warehousing Corporation, on 2 March 1957.

Under the Act, the Board set up the National Co-operative Development Fund and the National Warehousing Development Fund. Funds were made available by the Government of India to the Board by way of grants for utilizing towards the purposes of the funds.<sup>1</sup> In pursuance of another important recommendation of the Report, the State Bank of India Act was passed in April 1955 and the State Bank of India was established on 1 July 1955 by a process of conversion of the erstwhile Imperial Bank of India. During the three years of its working, it established as many branches over again as it had when it ceased to be the Imperial Bank.

The formulation and administration of the integrated training programme for all ranks of co-operative personnel is being done by the Central Committee for Co-operative Training, which was set up jointly by the Reserve Bank of India and Government of India in 1953. This Committee is running one college for training of higher category of personnel. Training of intermediate personnel was arranged at five regional centres and of block level co-operative officers at eight centres. Training of subordinate co-operative personnel was given in 41 schools. The pilot scheme for the education of non-official personnel commenced in 1955 was continued during the year.<sup>2</sup>

In pursuance of the recommendations made at the First State Ministers' Conference, pilot projects of the Integrated Rural Credit Scheme were undertaken in a few States. In Bombay State, a pilot project each extending over the entire district was undertaken in Broach, East Khandesh and Dharwar districts in October 1955. In Andhra, a pilot project was launched in selected areas of Kurnool, West Godavari and Visakhapatnam districts in 1955-6. In Madras State, a pilot project was started in selected areas of Malabar, Chingleput, Coimbatore, Tirunelveli, Ramanathapuram and South Kanara districts. In some other States such as Madhya Pradesh and Uttar Pradesh, pilot projects on a small scale were undertaken. For instance, in Mandsaur district of Madhya Pradesh, the scheme covered a very small number of primary societies. In Uttar Pradesh, the Planning, Action and Research Institute initiated a pilot project each in the Mahewa area of Etawah district and the Nauranga area of Kanpur district. The Nauranga Project was planned on the lines of the Integrated Rural Credit Scheme, but the Mahewa Rural Credit Project differed in certain respects from it.

## 12.2 RESERVE BANK OF INDIA AND THE INTEGRATED RURAL CREDIT SCHEME

An important recommendation in the General Report on the All-India Rural Credit Survey was that the Reserve Bank of India should be enabled to make

<sup>1</sup>National Co-operative Development and Warehousing Board, Annual Report 1956-57.

<sup>2</sup>*Ibid.*

long-term loans to State Governments for the purpose of their subscribing, directly or indirectly, to the share capital of co-operative credit institutions. This recommendation was given effect to by amending the Reserve Bank of India Act in 1955. Under the newly inserted Section 46A, the National Agricultural Credit (Long-term Operations) Fund was created in February 1956 with an initial subscription of Rs 10 crores. It is provided that the Fund may be utilized for making loans and advances to State Governments for subscribing, directly or indirectly, to the share capital of co-operative credit societies, and repayable on the expiry of fixed periods not exceeding twenty years, making to state co-operative banks loans and advances for agricultural and other allied purposes repayable on the expiry of fixed periods not being less than fifteen months and not exceeding five years, giving long-term accommodation to central land mortgage banks for periods not exceeding twenty years and also for the purchase of debentures of central land mortgage banks, provided that such debentures were fully guaranteed by the State Governments as to the repayment of principal and payment of interest. Medium-term loans to co-operative credit institutions are now made out of this Fund; before the constitution of this Fund, medium-term loans were given under Section 17(4A).

The Bank also set up the National Agricultural Credit (Stabilisation) Fund with an initial contribution of Rs 1 crore at the end of June 1956 under the newly inserted Section 46B of the Reserve Bank of India Act.

During 1956-7, loans amounting to Rs 268.21 lakhs were sanctioned by the Bank from the National Agricultural Credit (Long-term Operations) Fund to eleven State Governments to enable them to contribute to the share capital of co-operative credit institutions within their territories. Medium-term loans were also granted to state co-operative banks for agricultural and allied purposes. Details regarding the amounts made available from the National Agricultural Credit (Long-term Operations) Fund to the ten States from which districts were selected for the Rural Credit Follow-up Survey, for contribution to share capital of co-operative credit institutions are given in Appendix Table 12.1. It may be seen from the table that loans from this Fund for contribution to share capital of co-operative credit institutions were given on a substantial scale to the Government of Bombay and of Uttar Pradesh. By the end of March 1957, loans were sanctioned for State contribution to share capital in respect of 22 societies in Bombay, 108 societies in Madhya Pradesh, 275 societies in Uttar Pradesh, 100 societies in the Punjab and 46 societies in Rajasthan. Provision<sup>1</sup> for State contribution to share capital of central co-operative banks was made in six of the ten States in which the Survey was conducted. In some of the remaining States, for instance, in West Bengal and Bihar, the question of reorganization of the existing banks was under consideration and, therefore, no provision was made during the year for this purpose. The funds for contribution to the share capital of non-credit institutions were made available to the State Governments by the Government of India through the National Co-operative Development and Warehousing Board.

<sup>1</sup>The provision refers to loans sanctioned by the Reserve Bank of India.

The extent to which State contribution to share capital of co-operatives was actually effected upto June 1957 may be seen from Table 12.1.

TABLE 12.1—EXTENT OF STATE CONTRIBUTION TO SHARE CAPITAL OF CO-OPERATIVE SOCIETIES AS AT THE END OF JUNE 1957

	PROPORTION OF STATE CONTRIBUTION TO TOTAL PAID-UP SHARE CAPITAL (Per cent)							Total State contri- bution to the share capital <sup>3</sup> (In thou- sands of rupees)	Propor- tion of State contri- bution to the total paid-up share capital <sup>3</sup> (Per- cent)
	CREDIT SOCIETIES			NON-CREDIT SOCIETICS			Central land mort- gage banks		
	State co-op- erative banks	Central co-op- erative banks	Agri- cultural credit socie- ties	State non- credit socie- ties <sup>1</sup>	Central non- credit socie- ties <sup>1</sup>	Agri- cultural non- credit societies <sup>2</sup>			
	1	2	3	4	5	6	7	8	9
Bombay ...	41	16	3	74	—	28	20	3,05,53	18
Mysore ...	36	—	—	—	—	9	—	10,10	4
Madras ...	28	—	—	—	—	—	—	8,00	3
Andhra Pradesh ...	13	5	5	—	2	1	5	20,56	5
Punjab ...	47	15	—	—	—	—	—	32,10	8
Uttar Pradesh	6	—	—	45	—	—	—	15,00	2
Madhya Pradesh ...	44	29	11	—	—	44	—	63,03	25
Bihar ...	91	57	—	—	—	—	—	60,00	44
West Bengal	— <sup>4</sup>	—	—	—	16	8	—	1,06	1
Rajasthan ...	60	25	13	—	7	8	—	22,20	24

(Source : Statistical Statements relating to the Co-operative Movement in India 1956-7)

<sup>1</sup> Marketing unions or federations only.

<sup>2</sup> Include 'purchase and sale' societies, 'production and sale (marketing)' societies and 'production' societies only.

<sup>3</sup> Refers only to the institutions enumerated in columns 1 to 7.

<sup>4</sup> State contribution of Rs 15,00,000 held in suspense account and hence not included in the share capital of the bank.

State co-operative banks in all the ten States except West Bengal received share capital contribution from the State Governments. Similarly, some of the central banks in all the States except Mysore, Madras, Uttar Pradesh and West Bengal also received share capital contribution from the State Governments. As regards State participation at the primary level in Bombay, Andhra Pradesh, Madhya Pradesh and Rajasthan, some of the primary credit societies received State contribution to share capital. In regard to non-credit institutions, however, State contribution to share capital was made to the apex institutions in Bombay and Uttar Pradesh, to the central institutions in Andhra Pradesh, West Bengal and Rajasthan and to the primary institutions in Bombay, Mysore, Andhra Pradesh, Madhya Pradesh, West Bengal and Rajasthan. Central land mortgage banks received State contribution to share capital in Bombay and Andhra Pradesh only. The total



contribution by State Governments to the share capital of various co-operative institutions constituted less than 10 per cent of the total share capital in all the ten States except Bombay, Madhya Pradesh, Bihar and Rajasthan. In the latter three States, the proportion of State contribution appears rather high because share capital of the institutions prior to State participation was relatively small.

### 12.3 FINANCIAL ASSISTANCE FOR CONSTRUCTION OF GODOWNS AND APPOINTMENT OF MANAGERIAL STAFF

As stated earlier, loans to State Governments for contribution to the share capital of non-credit institutions were made available by the Government of India through the National Co-operative Development and Warehousing Board. The Board also gave loans and subsidies for construction of godowns and subsidies towards meeting the management costs both to credit and marketing societies. The co-operative development plan provided for the construction of 4,000 godowns for large size credit societies and 1,500 for marketing societies. Appendix Table 12.1 shows the achievements in respect of credit and marketing societies for the year 1956-7.

As regards financial assistance provided by the National Co-operative Development and Warehousing Board, it may be noted that, in all, loans amounting to Rs 227.51 lakhs and subsidies amounting to Rs 46.83 lakhs were sanctioned by the Board for implementing the schemes of co-operative development included in the State plans for the year 1956-7. The items for which assistance was provided included participation in the share capital of marketing and processing societies, construction of godowns by large size and marketing societies, appointment of managerial staff of large size societies, central banks, apex banks, land mortgage banks, marketing societies and the appointment of additional departmental staff by the State Governments to enable them to carry out the implementation of the co-operative programmes during the Second Five Year Plan. On ascertaining the actual requirements of the States, however, loans amounting to Rs 181 lakhs and subsidies amounting to Rs 24 lakhs were released. The actual amount utilized by the States was Rs 176.01 lakhs as loans and Rs 21.18 lakhs as subsidy. The proportion of the amount of loans and subsidies utilized by the States to the amount of loans disbursed by the Board was 97 per cent and 88 per cent, respectively.

### 12.4 SOME IMPORTANT FEATURES OF THE CO-OPERATIVE MOVEMENT IN VARIOUS STATES

#### 12.4.1 Structure and functions

In this section, some of the main features of the Co-operative Movement in the ten States are discussed. Appendix Table 12.2 shows the number of different types of co-operative credit and marketing institutions in the ten States as at the end of June 1957.

The short-term co-operative credit structure in the country is based on the three-tier system with the primary societies at the village level, the central banks generally at the district level and the state co-operative bank at the State level.

Four out of the ten States had more than one state co-operative bank as a result of the reorganization of States in 1956. The process of amalgamation of state co-operative banks in these States was in progress during the Survey year.

As may be observed from Appendix Table 12.2, in the States of West Bengal, Bihar, the Punjab, Uttar Pradesh and Madhya Pradesh, the number of central banks was more than one in some districts, particularly in the former three States. The co-operative development programme during the Second Five Year Plan in these States provided for reduction in the number of central banks through the process of amalgamation so that each district would have, as far as possible, only one central bank.

The Partition of the country in 1947 gave a severe blow to the Co-operative Movement in West Bengal, particularly in some districts, and efforts were being made to revitalize it. Earlier the primary societies were adversely affected by the operation of certain provisions of debt relief legislation enacted in the State. The State Government set up a Committee in 1954 to enquire into the condition of credit agencies and to suggest necessary measures in this regard. The Committee submitted its report<sup>1</sup> in May 1955 which recommended, among others, a reduction in the number of central banks. Accordingly, it was proposed to reduce the number of central banks to 17 during the Second Five Year Plan period.

In Bihar, where there were more than one central bank in some districts, it was proposed to reduce the number of central banks from 47 to 28. Under the *Credit Agricole* Scheme which was introduced in 1945, the state co-operative bank was entrusted with the work of distribution of fertilizers in the State and the central banks were appointed as its agents for this purpose. Distribution of seeds, implements, controlled commodities such as cloth, salt, etc., and of other consumer goods was undertaken by the apex and central banks with the result that many central banks had practically ceased to perform the credit functions.

In Uttar Pradesh, there was the problem of overlapping of functions and jurisdictions between the credit and marketing societies. At the apex level, there were two institutions, namely, the Uttar Pradesh State Co-operative Bank and the Pradeshik Co-operative Federation. The former had invested a part of its funds in the latter which traded in a variety of articles such as radios, bicycles, medicines, coke, manures, seeds, etc.; besides, it financed the district co-operative federations, operated a few transport lines and also maintained a few workshops. At the district level, some district co-operative federations to which were affiliated the block development unions, undertook credit activities. At the village level, there were primary credit societies, seed stores, ghee societies, cane-growers' societies, etc., and their spheres of activities were not clearly demarcated.

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<sup>1</sup>Report of the Central Co-operative Banks Enquiry Committee : Government of West Bengal, 1955.

The co-operative block development unions and district co-operative federations referred to above were organized in 1947-8 when the State Government launched a drive for development of the rural economy of the State under the Development Co-ordination Plan, 1947. Two or three co-operative block development unions were organized in each block to look after the development activities, and these were under the charge of the District Development Office which co-ordinated and controlled their activities. These institutions had taken up various activities such as the supply of seed, running of brick kilns, etc., but there was no co-ordination between these and marketing co-operatives such as cane unions. None of these co-operative unions actually undertook marketing of agricultural produce on any significant scale. A noteworthy feature of the Co-operative Movement in the State was the growth of cane unions mainly because of the operation of the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953. Many of these cane unions whose primary function was marketing, also undertook credit activities though there were primary credit societies functioning within their jurisdiction.

The Partition in 1947 had adversely affected the Co-operative Movement in the Punjab also and some central banks carried bad and doubtful assets in their balance sheets representing the amounts recoverable from persons who had migrated to Pakistan. Moreover, there were two or more central banks in many districts. The marketing structure was also very weak.

#### 12.4.2 Development of the Co-operative Movement in different States

The development of the Co-operative Movement in the ten States may broadly be indicated by the proportion of villages covered by co-operatives, the size of working capital and loans advanced per member and per cultivating family (Table 12.2).

In Bombay, Mysore, Madras, Andhra Pradesh, the Punjab, Madhya Pradesh and West Bengal, more than 50 per cent of the total number of villages were covered by the primary credit societies. In Rajasthan, Bihar and Uttar Pradesh, this proportion worked out at 13 per cent, 27 per cent and 39 per cent, respectively.

The average working capital per member of a primary credit society was the lowest at Rs 38 in Bihar and the highest at Rs 221 in Bombay. It ranged between Rs 120 and Rs 160 in Madhya Pradesh, the Punjab, Andhra Pradesh and Madras and between Rs 50 and Rs 100 in Uttar Pradesh, West Bengal, Mysore and Rajasthan.

The average amount of loans advanced per member, which is another indicator of the development of primary co-operatives, was the highest at Rs 170 in Bombay and the lowest at Rs 15 in Bihar. In the Punjab, Andhra Pradesh, Madras, Mysore and Rajasthan, it ranged between Rs 50 and Rs 100 and was Rs 110 in Madhya Pradesh. In Uttar Pradesh and West Bengal, it was Rs 34 and Rs 28, respectively. The table also gives data on the average amount of loans per cultivating family. For this purpose the number of cultivating families in each State was estimated on the basis of the 1951 Census data by an appropriate statistical method. These two sets of

TABLE 12.2—PRIMARY AGRICULTURAL SOCIETIES : COVERAGE, WORKING CAPITAL AND ADVANCES AT THE END OF JUNE 1957

	PRIMARY AGRICULTURAL CREDIT SOCIETIES				AGRICULTURAL NON-CREDIT SOCIETIES		Total of columns 4, 5 and 6	Loans advan- ced by primary land- mortg- age banks during 1956-7 per rural cultiva- ting family
	Proportion of villages covered to total number of villages in the State <sup>1</sup>	Working capital per member	LOANS ADVANCED DURING THE YEAR 1956-7		Loans advan- ced by primary agri- cultural non- credit societies during 1956-7 per rural cultiva- ting family <sup>2</sup> (Rs)	Loans advan- ced by central market- ing unions or federa- tions during 1956-7 per rural cultiva- ting family (Rs)		
			Per member	Per rural culti- vating family				
(Per cent)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	
	1	2	3	4	5	6	7	8
Bombay ...	79	221	170	45	10	—	55	3 <sup>a</sup>
Mysore ...	100	91	70	24	8	3	35	2
Madras ...	69	120	82	24	—	—	24	2
Andhra Pradesh ...	54	137	99	27	6	—	33	2
Punjab ...	63	151	84	35	—	—	35	—
Uttar Pradesh ...	39	52	34	7	—	6	13	—
Madhya Pradesh ...	56	154	110	14	2	—	16	—
Bihar ...	27 <sup>4</sup>	38	15	2	1	—	3	—
West Bengal ...	55	50	28	4	—	—	4	—
Rajasthan ...	13	96	57	5	—	1	6	—

(Source : Statistical Statements relating to the Co-operative Movement in India 1956-7)

<sup>1</sup> Data are as on June 30, 1956 and relate to pre-reorganized States; reproduced from Review of the Co-operative Movement in India 1954-6.

<sup>2</sup> Include 'purchase and sale' societies, 'production and sale (marketing)' societies and 'production' societies only.

<sup>3</sup> Including advances made by the Saurashtra Central Land Mortgage Bank.

<sup>4</sup> Including villages covered by cane-growers' societies.

data, viz., the average amount of loan per member and the average amount of loan per rural cultivating family, would indicate, subject to certain limitations, the extent of development of co-operation among the cultivators. Smaller the proportion of rural cultivating families which are members of primary credit societies, the wider is the difference between the two sets of data. For instance, in Madhya Pradesh, as against the average amount of loan of Rs 110 per member, the average amount of loan per rural cultivating family worked out to Rs 14 only. In Bombay, the average amount of loan per rural cultivating family was Rs 45 which was about one-fourth of that of Rs 170 per member.

If loans given by various types of co-operatives are considered together (Table 12.2, Column 7), it is found that the average amount of loan advanced per

rural cultivating family was the highest at Rs 55 in Bombay. It ranged between Rs 20 and Rs 35 in the Punjab, Mysore, Andhra Pradesh and Madras and was less than Rs 20 in Uttar Pradesh, Madhya Pradesh, Bihar, West Bengal and Rajasthan.

TABLE 12.3—OUTSTANDING LOANS HELD BY INDIVIDUALS FROM DIFFERENT TYPES OF CO-OPERATIVES AT THE END OF JUNE 1957

		Loans held by individuals from different types of co-operatives (specified in columns 2 to 5) per rural cultivating family  (Rs)	LOANS HELD BY INDIVIDUALS FROM THIS TYPE OF CO-OPERATIVES AS PERCENTAGE OF TOTAL LOANS HELD BY INDIVIDUALS FROM ALL THE SPECIFIED CO-OPERATIVES			
			State and central co-operative banks <sup>1</sup>	Primary agricultural credit societies	Primary agricultural non-credit societies <sup>2</sup>	Primary land mortgage banks
Bombay	...	65	73	72	7	14 <sup>4</sup>
Mysore	...	43	10	67	5	18
Madras	...	43	1	68	1	30
Andhra Pradesh	...	49	2	63	10	25
Punjab	...	49	1	97	2	—
Uttar Pradesh	...	9	2	89	9	—
Madhya Pradesh	...	20	12	80	4	4
Bihar	...	4	1	72	27	—
West Bengal	...	6	1	87	1	11
Rajasthan	...	6	12	86	1	1

(Source : Statistical Statements relating to the Co-operative Movement in India 1956-7)

<sup>1</sup> Excluding state and central non-credit societies as data are not available.

<sup>2</sup> Include 'purchase and sale' societies, 'production and sale (marketing)' societies and 'production' societies only.

<sup>3</sup> Including dues from individuals on bills discounted.

<sup>4</sup> Including loans due from individuals to Saurashtra Central Land Mortgage Bank.

Long-term loans advanced by land mortgage banks were reported in seven out of the ten States. But the total amount of loans advanced was very small; the average amount per rural cultivating family was Rs 3 in Bombay, Rs 2 in Mysore, Madras and Andhra Pradesh and less than Rs 2 in Madhya Pradesh, West Bengal and Rajasthan.

The outstandings in respect of loans granted to individuals by state and central banks, land mortgage banks and primary agricultural societies per rural cultivating family are shown in Table 12.3.

The outstandings per rural cultivating family were the highest in Bombay at Rs 65 followed by the Punjab and Andhra Pradesh (Rs 49), Madras and Mysore

(Rs 43) and Madhya Pradesh (Rs 20). In other States, outstandings were less than Rs 10 per rural cultivating family. Of the total outstandings, loans due to agricultural credit societies ranged from 97 per cent in the Punjab to 63 per cent in Andhra Pradesh. Loans due to non-credit societies as proportion of the total outstandings were 27 per cent and 10 per cent, respectively, in Bihar and Andhra Pradesh; in the other States, these were less than 10 per cent.

Outstandings in respect of loans granted to individuals by central and state co-operative banks exceeded 10 per cent of the total in Madhya Pradesh and Rajasthan where traders and urban residents were financed directly by these institutions to a large extent.

#### 12.4.3 Recovery of loans

Figures relating to proportion of overdues to outstandings in primary credit societies in the ten States are given in Table 12.4.

TABLE 12.4—RECOVERY OF LOANS BY PRIMARY AGRICULTURAL CREDIT SOCIETIES

	OVERDUES AS PERCENTAGE OF OUTSTANDINGS IN		
	June 1952	June 1955	June 1957 <sup>1</sup>
Bombay ...	25	38	24
Mysore ...	31	32	29
Madras ...	24	30	13
Andhra Pradesh ...	—	29	19
Punjab ...	20	27	23
Uttar Pradesh ...	18	20	17
Madhya Pradesh ...	17	21	16
Bihar ...	41	38	51
West Bengal ...	44	42 <sup>2</sup>	62
Rajasthan ...	35	23	20

(Source : Statistical Statements relating to the Co-operative Movement in India 1951-2, 1954-5, and 1956-7)

<sup>1</sup>Data relate to reorganized States.

<sup>2</sup>Excluding data for multi-purpose societies.

It may be stated at the outset that due to the reorganization of States in November 1956, data for the years 1951-2 and 1954-5 are not strictly comparable with those for 1956-7. Subject to this limitation, it may be said that in all the States except West Bengal and Bihar, overdues formed less than 30 per cent of outstandings in 1956-7. In West Bengal and Bihar, the proportion was 62 per cent and 51 per cent, respectively.

#### 12.4.4 Borrowings from Government

The role played by the State Governments in giving loans and advances to co-operatives in the ten States is revealed by the data in Table 12.5.

TABLE 12.5—LOANS HELD FROM GOVERNMENT BY CO-OPERATIVES  
AT THE END OF JUNE 1957

	Borrowings from Government by different types of co-operatives (specified in columns 2 to 7) per rural cultivating family (Rs)	LOANS HELD FROM GOVERNMENT BY THIS TYPE OF CO-OPERATIVES AS PERCENTAGE OF TOTAL LOANS HELD FROM GOVERNMENT BY ALL THE SPECIFIED CO-OPERATIVES					
		State co-operative banks	Central co-operative banks	Primary agricultural credit societies	Primary agricultural non-credit societies <sup>1</sup>	State and central non-credit societies <sup>2</sup>	Central and primary land mortgage banks
	1	2	3	4	5	6	7
Bombay ...	7	20	24	5	39	—	12
Mysore ...	5	—	—	9	11	59	21
Madras ...	9	80	4	3	1	—	12
Andhra Pradesh...	6	44	—	3	4	11	38
Punjab ...	4	9	61	8	22	—	—
Uttar Pradesh...	6	19	12	—	14	55	—
Madhya Pradesh	2	—	56	7	31	6	—
Bihar ...	2	76	19	3	1	1	—
West Bengal ...	2	55	1	13	12	19	—
Rajasthan ...	1	—	51	28	9	12	—

(Source: Statistical Statements relating to the Co-operative Movement in India 1956-7)

<sup>1</sup> Include 'purchase and sale' societies, 'production and sale (marketing)' societies and 'production' societies only.

<sup>2</sup> Marketing unions or federations only.

The volume of Government loans per rural cultivating family was the highest in Madras (Rs 9) followed by Bombay (Rs 7), Andhra Pradesh and Uttar Pradesh (Rs 6), Mysore (Rs 5), the Punjab (Rs 4), Madhya Pradesh, Bihar, West Bengal (Rs 2) and Rajasthan (Rs 1). It may be seen that non-credit societies were generally the largest beneficiaries of Government loans. Such loans were mostly availed of for purposes such as construction of godowns, organization of co-operative farms, purchase of equipment by processing societies, etc. The state and central banks came next in importance. In the Punjab and West Bengal, Government loans represented the subventions granted by State Governments to enable the state and central banks to tide over the adverse effects of the Partition, while in Madras and Andhra Pradesh, they represented loans to weavers' societies routed through the state co-operative banks. In Uttar Pradesh, Government loans were mostly channelled through the Pradeshik Co-operative Federation for financing the procurement and distribution of seeds.

## 12.4.5 Co-operative marketing of agricultural produce

The turnover representing the sale of goods by non-credit societies in the ten States is given in Table 12.6.

TABLE 12.6 SALE TRANSACTIONS OF CO-OPERATIVES DURING 1956-7

(Amount in rupees per total cultivating family)

	LOSSES SOLD DURING THE YEAR BY	
	Primary agricultural non-credit societies <sup>1</sup>	Central marketing unions or federations
Bombay	41	6
Madhya	16	7
Madras	4	1
Andhra Pradesh	7	6
Punjab	4	—
Uttar Pradesh	—	52
West Bengal	2	—
Bihar	12	—
West Bengal	1	—
Rajasthan	—	2

(Source: Statistical Statements relating to the Co-operative Movement in India 1956-7)

<sup>1</sup>Include 'purchase and sale' societies, 'production and sale (marketing)' societies and 'production' societies only.

It is observed that only in Uttar Pradesh and Bombay the value of goods sold per total cultivating family was comparatively higher than that in other States because of the development of sugarcane and cotton marketing societies, respectively.

## 12.4.6 Liquidation of societies

It will be useful to study the position in regard to liquidation of societies in the ten States. The necessary data are presented in Table 12.7.

TABLE 12.7—LIQUIDATION OF SOCIETIES

	NUMBER OF SOCIETIES AT THE END OF YEAR		Number of societies wound up between July 1951 and June 1956
	1952	1956	
Bombay	16,892	19,413	619
Madhya	5,170	6,009	29
Madras	25,241	15,389	823
Andhra Pradesh	—	11,216	181 <sup>1</sup>
Punjab	14,872	17,737	3,471
Uttar Pradesh	36,522	55,641	370
Madhya Pradesh	10,386	14,853	338
Bihar	15,996	22,345	79
West Bengal	15,668	17,322	532
Rajasthan	3,431	6,312	98

(Source: Statistical Statements relating to the Co-operative Movement in India)

<sup>1</sup>Relates to the period July 1953 to June 1956.

It may be seen that the number of societies liquidated was relatively large in the Punjab and small in Bihar.





transactions of moneylenders were regulated by the U.P. Debt Redemption Act, 1940 and the U.P. Regulation of Agricultural Credit Act, 1940. In Andhra Pradesh, the Hyderabad Moneylenders Act, 1349 F, continued to be in force in the Telengana area of the State. There was no legislation in force in Rajasthan during 1956-7 for regulation of moneylending business. The salient features of the legislation in force in the various States are given in Appendix 4.

It may be seen from Appendix 4 that many Acts provided for the registration and licensing of moneylenders, maintenance of accounts in the prescribed form, furnishing periodical statements of accounts to debtors, issue of receipts to the debtor for every payment received by moneylenders, stipulation of maximum rates of interest and prohibition of levy of charges in addition to interest.

Information regarding number of licensed moneylenders was available only in respect of four States. In Bombay and West Bengal, the total number of licensed moneylenders was 13,217 and 6,765 respectively; in Madras 1,825 licences were issued under the Madras Pawnbrokers Act, 1943. According to the available data, which are incomplete, there were 885 licensed moneylenders in the Punjab.

The available reports on the administration of the regulation of moneylending acts indicated that the performance was not upto expectations. The number of licensed moneylenders was also small. For instance, in Bombay, it was reported that a substantial number of moneylenders did not renew their licences for the following three reasons. Firstly, the persons who had previously obtained licences for a few transactions or for recovery of old loans did not renew them during the subsequent years. Secondly, moneylenders advancing loans to other moneylenders, and landlords giving loans to their tenants for financing of crops, were not required to renew their licences on account of amendments to the Act. Thirdly, the restrictions on sale and purchase of agricultural land under the Bombay Tenancy and Agricultural Lands Act, 1948, had considerably reduced the moneylending business, which partly accounted for decrease in their number. But the main reason for a small number of licensed moneylenders appeared to be that many were carrying on moneylending business without a licence.

#### 12.5.2 Debt relief legislation

Debt relief legislation can be broadly classified into three categories, *viz.*, (1) moratorium laws, (2) debt conciliation acts and (3) acts relating to compulsory reduction of debts and safeguarding of land and other productive assets of the debtors from transfer to creditors against payment of debts. The main object of the moratorium laws is to stay the proceedings against agriculturist-debtors for debts or arrears of rent. Even as recently as 1954, Madras State enacted the Madras Indebted Agriculturists (Temporary Relief) Act to prohibit for one year institution or execution of suits against agriculturists, for they had suffered continuously during the previous four or five years from drought or cyclones and were considered to require some time to stabilize their position. Debt conciliation legislation, on the other hand, represents the first direct attempt by Government to reduce the burden of agricultural indebtedness which had outgrown the repaying capacity of the debtors. At present

in many States, the Debt Conciliation Acts either stand repealed or have become practically inoperative. Among the main provisions of the third type of debt relief legislation, *viz.*, compulsory reduction of debts and redemption of mortgages, mention may be made of (1) fixation of maximum rates of interest, (2) reopening of old debt cases by prescribed judicial authorities, (3) compulsory reductions in interest or interest and principal of old debts in a prescribed manner, (4) payment of adjusted debts in suitable instalments, (5) redemption of mortgages and (6) protection to a minimum proportion of debtors' lands and other assets such as produce, dwelling house, etc.

### 12.5.3 Progress in regard to regulation of markets

For promoting more orderly and efficient marketing of agricultural produce, Acts for regulation of agricultural markets were in force in Andhra Pradesh, Bombay, Mysore, Madras, Madhya Pradesh and the Punjab. Table 12.8 shows the number of regulated markets established in these States upto the end of 1957. In Bihar, West Bengal, Uttar Pradesh and Rajasthan, steps were reported to have been taken in this direction.

TABLE 12-8—PROGRESS IN REGULATION OF MARKETS

	NUMBER OF REGULATED MARKETS AT THE END OF		
	1951	1955	1957
Andhra Pradesh ..	45	62	79
Bombay ..	131	168	194
Madhya Pradesh ..	3	59	76
Madras ..	11	19	22
Mysore ..	36	47	54
Punjab ..	95	114	117
Total ..	322	470	542

(Source : Office of the Agricultural Marketing Adviser to the Government of India)

A brief reference may be made here to the three committees which went into the question of regulated markets during the period under review. The Shirname<sup>1</sup> Committee appointed by the Government of Bombay stated in its report that marketing co-operatives should be developed so as to enable the cultivators to avail of the full benefits of regulated markets. The Committee was of the opinion that no regulated market could function effectively and smoothly unless and until a strong marketing co-operative was in a position to play the key role of market functionaries. The Regulated Markets Enquiry Committee appointed by the Government of Mysore<sup>2</sup> also emphasized the need for extending the Regulated Markets Act to all markets in the State. The Expert Committee appointed by the Government of Madras<sup>3</sup> in 1957 to review the working of the Madras Commercial Crops Markets Act emphasized, *inter alia*, the need for the expansion of the scope of the Act so as to cover non-commercial crops and for better licensing arrangements.

<sup>1</sup>Report of the Expert Committee on the Review of the Bombay Agricultural Produce Markets Act, 1939 (1956).

<sup>2</sup>Report of the Regulated Markets Enquiry Committee in the Mysore State (1956).

<sup>3</sup>Report of the Expert Committee on the Review of the Madras Commercial Crops Markets Act, 1933 (1957).

## CHAPTER 13

# CO-OPERATIVE STRUCTURE IN THE SELECTED DISTRICTS

This chapter gives a brief description of the co-operative structure in the selected districts and of the structural and functional inter-relationships between its different components. The main features characterizing co-operative development in each of the selected districts and the efforts made during 1956-7 to reorganize the co-operative structure on the lines laid down in the Second Five Year Plan are also discussed.

The year 1956-7 was the first year of the Second Five Year Plan of which the co-operative development programme formed an integral part. During this year, which was also the Survey year, efforts of varying magnitude and intensity at reorganizing the co-operative structure on the lines indicated in the Plan were evident in all the selected districts. As a preliminary to a study of the objectives set forth for the reorganization of co-operatives, the efforts made and the progress achieved in the attainment of targets laid down, it may be useful to discuss the structure of the Co-operative Movement as it existed at the beginning of the Second Five Year Plan in the selected districts.

### 13.1 BROACH

The structure and working of co-operatives in Broach, East Khandesh and Dharwar, the three districts from the pre-reorganized Bombay State, need to be studied in the context of the historical development of the crop loan system initiated in 1949. Earlier, in 1939, the Government of Bombay enacted the Bombay Agricultural Debtors' Relief Act, which for the first time provided for extension of finance to the 'adjusted debtor' not only for redemption of old debts but also for meeting his current production credit requirements. In 1946, the State Government passed the Bombay Moneylenders Act, which could be said to be more or less an outcome of the recommendations of the Agricultural Finance Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries set up in 1944 under the chairmanship of Prof. D. R. Gadgil. The Co-operative Planning Committee, 1945, also known as "Saraiya Committee", considered the problem of organization of co-operative credit in the light of the recommendations of the Gadgil Committee and recommended that the co-operatives should take up the responsibility for providing finance to all agriculturists. The recommendations of these two committees were considered by the Bombay Co-operative Banks' Association at its meeting specially convened in December 1946. It was resolved in this meeting to request the Government of Bombay to appoint a representative committee to recommend the terms and measures of Government assistance and association to be provided to the co-operative banks. The Government of Bombay accepted the proposals of the Association and appointed the Agricultural Credit Organization Committee, also known as "Nanavati Committee", which submitted its report in

1947. The recommendations of this Committee were considered by the Bombay Government and the Bombay State Co-operative Bank. A policy statement laying down the procedure with a view to securing a fairly uniform system of integrated finance in relation to general obligations of the Co-operative Movement towards creditworthy agriculturists was issued by the Board of Directors of the Bombay State Co-operative Bank in 1950 to the co-operatives, in general, and the central financing agencies, in particular. This statement sets out the basic principles of the reoriented system and procedures to be followed for providing crop loan to all cultivators for raising of crops. It also attempted to link creditworthiness of the cultivator to his production need instead of to the value of his physical assets.

The Bombay State Co-operative Bank as well as some central banks received State contribution to their share capital, and the reoriented system of co-operative credit on the basis of crop loan system and State participation was initiated in the pre-reorganized Bombay State in 1949.

In October 1955, as was observed in Section 12.1, the pilot project of the Integrated Rural Credit Scheme covering the entire district was initiated in Broach, East Khandesh and Dharwar districts. Organization of large size societies, extension of credit through co-operatives and development of co-operative marketing and processing activities were the main features of the pilot projects and the Second Five Year Plan for these districts. Targets for achievement by 1960-1 were laid down under the pilot project. The pilot projects were incorporated in the Second Five Year Plan at the end of 1955-6.

In Broach district, as at the end of June 1957, there were 230 primary agricultural credit societies including 136 large size societies and 49 small size unlimited liability type societies; there were 23 marketing societies (Appendix Table 13.1). Seven marketing societies and three primary credit societies owned cotton gins and/or presses. There was also a central bank and a land mortgage bank in the district.

The number of primary agricultural credit societies in the district declined from 280 at the end of June 1954 to 230 at the end of June 1957. With the initiation of the pilot project, 136 large size societies were organized of which 45 were formed by amalgamation of 107 small size societies, and the remaining societies by conversion of small size societies by suitably amending their by-laws (Appendix Table 13.2). No large size society was newly organized in the district.

Of the 136 large size societies, 21 were sanctioned State contribution to share capital till 1956-7; of these, twenty societies received the contribution by the end of June 1957. No State nominees were appointed in any society. Fourteen large size societies received godown loans and/or subsidies and 56 received management subsidy.

It was reported that at the end of June 1957, about one-third of the 230 primary agricultural credit societies in the district undertook marketing of produce independently. As stated earlier, the Hyderabad Conference on Marketing and Co-operation recommended that primary credit societies should not undertake marketing of produce except as agents of marketing societies.

Besides, there was overlapping of the jurisdiction in many societies. This was mainly because of the fact that immediately after the amendment of the Bombay Co-operative Societies Act in 1948, the Co-operation Department organized several group multi-purpose societies each with a jurisdiction covering several villages, which sometimes resulted in overlapping of jurisdiction.

In organizing large size societies, however, the central bank as well as the district co-operative officials took care to see that no organizational defects crept in. Attempts were also made to rationalize the jurisdiction of credit societies and to discourage the marketing societies from taking up crop loan activities. Some of the marketing societies which were not willing to discontinue granting crop loans opposed this move. But due to the fluidity in the policy regarding large size societies witnessed towards the latter part of 1956, organization of this type of societies was not encouraged and marketing societies were not prevented from granting crop loans. This shift in policy caused confusion among the co-operative field workers in the district and from that time onward, the tempo of organizational effort in implementing the pilot project slowed down considerably. Realizing the seriousness of the problem of overlapping of functions and jurisdiction, a committee consisting of co-operative officials and non-officials of the district to examine the problem in its minutest details and to evolve ways and means of tackling it was appointed in February 1958.<sup>1</sup> The committee submitted its report in May 1958. It recommended rationalization of the jurisdiction of credit and marketing societies and discontinuation of marketing of produce by credit societies and of credit activities by marketing societies.

The frequent changes in policy regarding credit societies also had a direct bearing on the credit structure. Thus, in July 1955 the State Government recommended organization only of large size primary multi-purpose societies for groups of villages with a share capital of about Rs 15,000 to Rs 20,000 and a working capital of Rs 1.00 lakh to Rs 1.20 lakhs. Revised instructions were issued in September 1955 to the effect that societies with a share capital smaller than that envisaged in the new set-up should also continue to be organized in backward tracts and co-operatively undeveloped areas. Thus, the registration of large size as well as small size societies continued simultaneously. However, no definite instructions concerning the size of a society were issued. In January 1958, revised instructions were issued asking for splitting up of societies which had more than twelve villages in their jurisdiction. Subsequently, in March 1958, Government recommended that the following criteria be observed while organizing large

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<sup>1</sup> For a detailed discussion see Section 17.3.4.

size societies: (1) the large size society should have limited liability; (2) its area of operation should be within a radius of three to four miles; (3) the number of villages covered should be generally three to four but not exceeding six; (4) its membership should be 100 at the start so that it could be raised to 400 in three to four years; (5) it should have an initial share capital and owned funds to the extent of Rs 5,000 which could be raised to Rs 10,000 during the course of three to four years and Government share capital of Rs 10,000 was to be subscribed to make it Rs 20,000 or so; (6) it should provide agricultural finance initially to the extent of Rs 25,000 which should be increased to Rs 1.00 lakh to Rs 1.50 lakhs subsequently and (7) it should have a full-time, efficient and trained secretary.

There were 23 marketing/processing societies in the district of which sixteen undertook mainly cotton marketing, two were dormant, two had not started functioning up to June 1957 and three were engaged only in the distribution of agricultural requisites. Of these 23 societies, five received State contribution to share capital, one received godown loans and subsidies and sixteen received management subsidy. Many marketing societies in this district had taken up processing activities. Of the 23 marketing societies in the district, seven societies undertook, in addition to marketing, processing of produce in their own gins, while nine societies marketed the produce after getting it processed in privately owned gins.

In addition to the seven marketing-cum-processing societies referred to above, three primary credit societies also undertook processing activities. As against a target of ten co-operative processing units for cotton to be achieved by the end of 1960-1 mainly with funds received in the form of State contribution to share capital, eight societies were in a position to acquire or construct ginning and/or pressing plants before the end of June 1957.

With the initiation of the pilot project, the loan policy of the central bank was reoriented on the lines recommended by the Field Workers' Conference. As a result of the liberalization of loan policy, amounts advanced by the central bank to agricultural credit societies increased from Rs 67.81 lakhs in 1954-5 to Rs 182.39 lakhs in 1956-7; amounts held by agricultural credit societies from the central bank at the end of June increased from Rs 40.20 lakhs to Rs 91.40 lakhs during the same period. The proportion of overdues to outstandings in the case of loans due from agricultural credit societies to central bank, however, increased from 1 per cent to 5 per cent. State contribution to share capital of the central bank amounted to Rs 1 lakh; there was no further addition to this till the end of June 1957.

The function of audit of co-operative societies was vested in the Registrar of Co-operative Societies. Supervision of co-operative societies was the responsibility of the District Supervision Committee and the Taluk Supervising Unions. The supervisors were appointed by the Co-operation Department and were attached to the supervising unions which were under the control of the District Committee.





As against the target of 20 small size godowns for the year 1956-7, none was constructed during the year, though 10 godowns were constructed in 1955-6. As against the target of three medium and one large size godowns, two and one, respectively, were constructed during 1956-7.

There were two primary land mortgage banks in the district, details about which are given in the chapter on land mortgage banks.

The administrative set-up for audit, inspection and supervision and the machinery for sanctioning loans to members of primary societies were similar to those in Broach district.

### 13.3 DHARWAR

Of the 681 primary credit societies in the district at the end of June 1957, 118 were large size societies. Of these, 50 were formed by amalgamation of 130 small size societies, and 68 by conversion. Fifty-two large size societies were sanctioned State contribution towards share capital by the end of June 1956 ; in the absence of a definite policy decision as to whether State participation should be direct or indirect, State contribution to share capital was not sanctioned in 1956-7. Thirty-eight societies had received loans and subsidies for construction of godowns. Though many of the large size societies did not receive State contribution to share capital, State nominees were appointed.

There were sixteen marketing societies functioning in the district, of which thirteen undertook marketing of produce. Processing of cotton or other agricultural produce was not taken up on any significant scale by co-operatives in the district. Eleven marketing societies received State contribution towards share capital. Loans and subsidies for construction of godowns were sanctioned to five societies and subsidies for appointment of managerial staff to fourteen societies. Primary agricultural credit societies in the district, except a few, were not undertaking marketing of produce, though some of the marketing societies were giving loans for production purposes.

There were four land mortgage banks in the district, details about which are given in the chapter on land mortgage banks.

As against the original target of 178 large size societies to be organized by the end of 1960-1, 118 large size societies were registered before the end of 1956-7. Changes in policy regarding the organization of large size societies which took place before the transfer of this district to Mysore State were discussed in the earlier section on Broach. In Dharwar, two types of societies, namely, the large size and the medium size were organized. A large size society was defined as one having or likely to have 500 members, working capital of Rs 1.00 lakh and paid-up share capital of Rs 10,000. A medium size society was defined as one having Rs 5,000 as share capital and Rs 25,000 as working capital. As at the end of June 1957, there were 25 medium size societies.

The targets for 1960-1 under the pilot project in this district fixed by the Government of Bombay in 1955-6 were revised downwards in 1957-8 by the Government of Mysore. The target in respect of large size societies to be achieved by 1960-1 was brought down to 152 from 178. The revised targets for short and medium-term loans (Table 13.1.) were Rs 120 lakhs and Rs 36 lakhs, respectively.

TABLE 13.1—SHORT-TERM AND MEDIUM-TERM FINANCE

(Amount in lakhs of rupees)

	SHORT-TERM			MEDIUM-TERM		
	Targets fixed under pilot project	Achievements	Targets proposed by the Mysore State Government	Targets fixed under pilot project	Achievements	Targets proposed by the Mysore State Government
	1	2	3	4	5	6
1955-6	112	123	—	37.5	30.5	20.0
1956-7	150	121	70	50.0	30.4 <sup>1</sup>	22.5
1957-8	188	—	80	62.5	—	25.0
1958-9	225	—	95	75.0	—	27.5
1959-60	263	—	110	78.8	—	30.0
1960-1	320	—	120	80.0	—	36.0

(Source : Office of the Assistant Registrar of Co-operative Societies, Dharwar)

<sup>1</sup>Provisional.

The targets to be achieved according to the revised plan in respect of short-term and medium-term loans by the end of 1960-1 were achieved during 1956-7 (Table 13.1). Thus, the revision of the targets virtually put a stop to further expansion of co-operative credit in the district, and led to several difficulties. For instance, in 1957-8 many new members of some societies were refused crop loans because of the general restrictions on the total amount of crop loans to be advanced.

As regards inter-linking between credit and marketing, 128 credit societies were initially proposed to be linked to 10 marketing societies for recovering crop loans from the sale proceeds of the members' produce. Though the inter-linking was planned, as will be seen later, no clear instructions regarding sending of statements by credit societies to marketing societies, mode of recovery of crop loans, etc., were issued and there was, in effect, no satisfactory inter-linking of credit and marketing in the district.

There was a co-operative ginning society at one of the marketing centres but the quantity of cotton processed by it was relatively small; further, it was not linked to any co-operative marketing society. Another society which was granted

State contribution to share capital did not construct a ginning and pressing plant.<sup>1</sup> Thus, co-operative processing activity was not developed to any appreciable extent in the district, as a result of which, marketing co-operatives had to sell raw cotton through private traders to Bombay buyers. The pilot project, initiated in the district in October 1955, provided for the setting up of five cotton ginning and pressing societies and seven other processing societies.

In the *Malnad* (paddy growing area) paddy trade was dominated by private rice-mill owners. The Second Five Year Plan provided for the organization of one co-operative rice mill in this region.

State contribution to the share capital of the central bank to the extent of Rs 1 lakh was made before the transfer of Dharwar district to Mysore State. Though Government of Mysore provided for additional State contribution to the extent of Rs 2,50,000 by 1960-1, the central bank refused to accept additional share capital on the ground that it had adequate share capital; it did not also amend its by-laws providing for State nominees on its Board of Directors.

The administrative arrangements for audit and supervision of co-operative societies and for scrutiny of loan applications of the societies in the district were generally similar to those obtaining in Broach district.

#### 13.4 COIMBATORE

The number of primary agricultural credit societies in the district decreased from 1,054 as at the end of June 1954 to 795 as at the end of June 1957. During this period, sixteen large size societies or agricultural banks were formed by amalgamation of 47 small size societies.<sup>2</sup> Of the sixteen agricultural banks, fourteen were located in the pilot project area.

The pilot project of the Integrated Rural Credit Scheme was launched in the district in 1956 and covered the taluks of Erode, Palladam and Gobichettipalayam. Subsequently, however, the project was extended to cover five out of the nine taluks in the district. All the large size societies in Coimbatore, known as agricultural banks, were organized on a limited liability basis by amalgamation of two or more small size societies. As a part of the Integrated Rural Credit Scheme, agricultural banks were being organized in the pilot project area. Further, even in the pilot project area there were large size as well as small size societies. None of the agricultural banks received State contribution to share capital up to June 1957.

<sup>1</sup>Working of this society, namely, DMS 2 is discussed in Section 17.5.

<sup>2</sup>The decrease in the number of societies was also due to the fact that jaggery societies were transferred to the Industries Department and societies from Kollegal taluk were transferred to Mysore State. The total number of such societies was 275.

In addition to fourteen large size societies, there were four marketing societies in the pilot project area which were proposed to be linked with the large size societies. The achievement in this regard was, however, relatively meagre.

In addition to the Integrated Rural Credit Scheme, another scheme known as the Full Finance Scheme was introduced in the Erode *firka* of Coimbatore district on an experimental basis in 1956-7. The scheme aimed at providing by gradual stages the entire credit needs of agriculturists through co-operative agencies to the exclusion of all other agencies of institutional credit including the Government. The scheme covered all types of cultivators, agricultural labourers and artisans. Their short-term and medium-term credit needs were estimated beforehand and suitable credit limits were fixed for them.<sup>1</sup> Six of the fourteen agricultural banks were located within the jurisdiction of the Full Finance Scheme and served 33 out of 39 villages in the area. In these agricultural banks, in addition to the Secretary, an extra Supervisor was provided and the cost was met by Government. As a result of the introduction of this Scheme in the Erode *firka*, which was a part of the pilot project area, loans issued by societies functioning in the area increased from Rs 1.16 lakhs at the time of introduction of the scheme to Rs 7.38 lakhs at the end of April 1958 and the membership rose from 1,849 to 4,889. Whereas the volume of loans increased by 534 per cent, membership increased by 164 per cent. All the agricultural banks in the area were affiliated to the Sale Society CMS<sup>4</sup> which undertook the sale of produce of the members of the affiliated agricultural banks.

There was one central bank ; it did not receive any State contribution towards its share capital upto the end of June 1957. There was little radical change in the loan policy of this bank, except with regard to the Full Finance Scheme, after the initiation of the pilot project. There were ten primary land mortgage banks in the district which provided long-term loans to agriculturists.

Supervision was the responsibility of the central bank and it was carried out through supervising unions. The supervising unions were under the administrative control of the central bank and the Supervisor attached to the union was an employee of the central bank. Audit was the statutory responsibility of the Registrar of Co-operative Societies. The loan applications of primary societies were scrutinized by the supervising unions before they were sanctioned by the central bank.

### 13.5 WEST GODAVARI

As at the end of June 1957, there were 369 primary credit societies in the district, of which, 41 were located in the pilot project area covering the taluks of Eluru and Tadepalligudem. Of the 41 societies in the pilot project area, 37 were large size

<sup>1</sup> One of the large size societies working in the area covered by the scheme, which was selected for the supply-side investigation, was reported to have undertaken a survey of the credit requirements of the agricultural population in its jurisdiction and it estimated the total requirements at Rs 4.62 lakhs. During the 22 months period ending 15 December 1957 it had issued short-term and medium-term loans aggregating to Rs 2.53 lakhs. It aimed at meeting about 66 per cent of the credit requirements of the agricultural population before the end of 1957-8.

societies and two rural banks. There were four marketing societies in the area, of which one was liquidated subsequently; but none undertook marketing of produce.

Of the 57 large size societies in the district, 14 were rural banks. A rural bank was expected to have a paid-up share capital between Rs 25,000 and Rs 50,000 and deposits of Rs 25,000, while a large size credit society was expected to have a minimum share capital of Rs 20,000 and a turnover of Rs 1.50 lakhs.

The pilot project of the Integrated Rural Credit Scheme was inaugurated in Eluru and Tadepalligudem taluks in June 1956. Before this project was launched, there were 136 primary credit societies in the area ; 37 large size societies and 2 rural banks were organized by amalgamation of small size societies before the end of June 1957. Thus, by the end of 1956-7 only two small size societies operated in the pilot project area. Under the co-operative development plan for the district, coverage of 85 per cent of the villages and 45 per cent of the rural population by co-operatives were proposed. The pilot project was incorporated in the Second Five Year Plan in 1956-7.

Thirty-eight out of the 57 large size societies received State contribution to share capital, while 16 obtained godown loan and subsidy, and 38 secured subsidy towards managerial staff.

The large size societies (including rural banks) and marketing societies were permitted to advance pledge finance to their members. As between the credit and marketing societies, there was considerable overlapping of functions which is discussed in the chapter on marketing. The marketing societies did not, however, give production loans. Their functions were mostly confined to giving pledge loans, and none of the eleven marketing societies undertook marketing of produce. There was a District Co-operative Marketing Federation in the district. There were six land mortgage banks in the district which provided long-term loans to agriculturists. The administrative arrangements regarding audit, supervision and inspection were generally similar to those in Coimbatore district.

### 13.6 FEROZEPUR

There were 1,064 primary agricultural credit societies in the district as at the end of June 1957, of which, 1,022 were unlimited liability type societies. Of the 42 limited liability type societies, ten were large size societies organized between July 1956 and June 1957. Four large size societies were organized through amalgamation of small size societies. All the large size societies were sanctioned State contribution to their share capital but actual disbursement of funds was not effected. These societies, however, received godown loans and management subsidies.

There were eighteen co-operative marketing and processing societies in the district, of which six were cotton marketing societies, three cotton ginning and pressing

societies, two rice husking mills and six commission shops which were mostly engaged in the marketing of foodgrains, cotton, paddy and oilseeds. These were affiliated to the District Wholesale Purchase and Sale Society.

It was proposed to organize during the Second Five Year Plan period six processing societies. Of the eighteen marketing societies in the district, four received State contribution to share capital to the extent of Rs 80,000 before the end of June 1957 and two received loans and subsidies for the construction of godowns to the extent of Rs 6,000. Two marketing societies also received management subsidy amounting to Rs 2,400.

All the three central banks in the district received State contribution to share capital. There was overlapping of jurisdiction in two central banks. There was no land mortgage bank in the district.

The administrative staff in the district consisted of one Assistant Registrar who was assisted in his work by 7 Inspectors and 37 Sub-Inspectors. Each Inspector had under his control four to eight Sub-Inspectors for agricultural credit societies. For other types of societies such as industrial societies, construction and labour societies and marketing societies, there were additional Inspectors; each Inspector was assisted by two to four Sub-Inspectors. The number of agricultural credit societies under a Sub-Inspector varied from 28 to 62.

The co-operative marketing structure consisted of the District Co-operative Federation, one *Ghee* Sale Union, 46 co-operative block development unions and 60 primary *ghee* societies; none, except the Mahewa Co-operative Union, undertook marketing of produce. None of the primary *ghee* societies undertook marketing and were in practice more or less credit societies. There was no provision for State contribution to the share capital of any of the marketing societies.

As early as in 1948, attempts were made to develop the rural economy through community development programme. The programme was first initiated in 64 villages and later extended to 315 villages before the end of the First Five Year Plan. For purposes of the Second Five Year Plan, the entire district was divided into fifteen blocks and the task of developing these blocks was entrusted to the District Planning Office.

In the Mahewa Development Block, there were six co-operative block development unions, viz., Mahewa, Newari, Ureng, Bakewar, Lakhna and Chandpura co-operative block development unions. To the Mahewa Co-operative Block Development Union were affiliated 25 limited liability type credit societies. Ten of these societies were initially selected for inclusion in the Mahewa Rural Credit Project<sup>1</sup> launched in July 1955 by the Planning, Research and Action Institute, which has its headquarters at Lucknow; gradually 21 societies were brought within the Mahewa Rural Credit Project by July 1956. A cash-credit account was opened for each of the 21 societies at the office of the Mahewa Block Development Union which acted as a pay office of the Etawah District Central Co-operative Bank. The cash-credit limits for the members of the selected societies were approved by the pay office and then the individual members of societies were allowed to draw funds whenever they needed.

The credit limits fixed by the central bank for the societies in the area covered by the Mahewa Rural Credit Project were slightly higher as compared to those for societies in the area not covered by the Mahewa Rural Credit Project. Further, with a view to reducing the rate of interest, the State Government advanced in 1956-7 *taccavi* loans in this area to the co-operatives. The *taccavi* loans were advanced to primary societies at  $5\frac{1}{2}$  per cent per annum and the societies were expected to reduce the rate of interest on loans advanced by them from 9 per cent to  $7\frac{13}{16}$  per cent per annum with effect from July 1956.

Another feature of the Mahewa Rural Credit Project was the inter-linking between credit and marketing. The Mahewa Block Development Union was to have two godowns and was to undertake marketing activities and to recover the production loans out of the sale proceeds of members' produce.

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<sup>1</sup>Officially called as "Multi-purpose Co-operative Union Project, Mahewa".

The third important feature of the project was the distribution of agricultural requisites such as manures, fertilizers, etc., by the District Co-operative Federation through the Mahewa Block Development Union.<sup>1</sup> The extent to which the objects of the project were achieved is discussed in a subsequent chapter.

There was no primary land mortgage bank in the district. The administrative set-up for audit, supervision and inspection of societies was considerably different from that obtaining in most other districts. Audit was the responsibility of the Central Audit Organization attached to the Finance Department. There were no supervising unions in the district. Supervision was the responsibility of the Uttar Pradesh Co-operative Union Ltd., Lucknow, which maintained a cadre of Supervisors in the district, which was under the administrative control of the central bank. The loan applications of the primary societies were scrutinized by the Supervisor appointed by the Co-operative Union as well as by the Inspector attached to the Co-operation Department before these were sanctioned by the central bank.

### 13.8 MANDSAUR

There were 629 primary agricultural credit societies in the district in June 1957, of which 610 were of unlimited liability type; there were five large size societies formed by amalgamation of 57 small size societies.

There were four marketing societies in the district. Only one marketing society undertook marketing of produce and the remaining three were practically dormant. There were no primary land mortgage banks in the district.

All the five large size societies were sanctioned State contribution to share capital to the extent of Rs 50,000. Only two large size societies were advanced loans and subsidies by the State Government for construction of godowns. None of the large size societies received subsidies from the State Government for appointment of managerial staff. Of the four marketing societies, only one had received State contribution to share capital to the extent of Rs 10,000, but none was sanctioned either loans or subsidies for construction of godowns or subsidies for appointment of managerial staff.

In 1955-6, a 'pilot project' of the Integrated Rural Credit Scheme was initiated in one Community Development Block. Under this project, one multi-purpose society was converted into a large size society.<sup>2</sup> It was proposed that the society should cover ten to twelve villages situated within a radius of five miles and that it should have a membership of 400. State contribution to share capital of this society amounted to Rs 10,200. This society was affiliated to a marketing society through which the members were required to sell their produce. For

<sup>1</sup>In practice seed loans were given directly by co-operative block development unions and this had little relationship with the cash loans advanced by primary credit societies.

<sup>2</sup>Working of this society, namely, M15, is discussed in Section 15.4.8



administrative purposes, the project was under the overall control of the Assistant Registrar of Co-operative Societies. Although the scheme was drawn up in January 1955, the large size society and the marketing society were registered only in March 1956, and the latter commenced functioning only in January 1957.

There were two central banks in the district. There was no move for the amalgamation of the two banks. One of the two central banks had received State contribution towards share capital. The district Collector was the chairman of one of the banks, while the *Tahsildar* was the chairman of the other bank. Both had their own staff of Supervisors and the loan applications from the primary credit societies were channelled through the Supervisors to the central banks. Both the central banks in the district had undertaken the distribution of fertilizers as agents of the Mahakoshal Co-operative Marketing Society. As this work was very heavy, the Co-operation Department officials devoted considerable time in assisting the central banks in this work. The fertilizers received from the Mahakoshal Marketing Society were either sold or issued in the form of kind loans to cultivators through the primary credit societies. The district was a part of the erstwhile Madhya Bharat State before the reorganization of States in November 1956. The co-operative institutions in the district, therefore, continued to be governed by the Madhya Bharat Co-operative Societies Act, 1955 during the Survey year. Supervision<sup>1</sup> was vested in the central banks which appointed Supervisors and maintained a cadre of group secretaries under each Supervisor. There were no supervising unions. The group secretaries looked after all the work of primaries under the overall control of Supervisors and were also responsible for scrutiny of loan applications. Audit was done by the officials of the Co-operation Department.

### 13.9 GAYA

As at the end of June 1957, the co-operative structure in the district comprised 1,504 primary credit societies, 6 marketing societies, 472 primary cane-growers' societies, 2 federations of primary cane-growers' societies, called cane unions and 4 central banks. There was no land mortgage bank in the district. Of the 1,504 primary credit societies, 400 societies were of unlimited liability type. By the end of June 1957, five large size societies were organized through amalgamation of 42 small size societies. The marketing societies, other than the cane-growers' societies, hardly undertook marketing of produce.

More than half of the total number of primary cane-growers' societies were affiliated to a cane union which was liquidated recently. The supply of sugarcane from the primary cane-growers' societies through the co-operative development and cane marketing unions to the privately owned sugar-mills was regulated by the Bihar Sugar Factories Control Act, 1937. As the organization and supervision of the cane unions and primary cane-growers' societies was under the charge of a separate Assistant

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<sup>1</sup>Before July 1957, there were no regular arrangements for supervision in those areas of Madhya Pradesh which formed part of Madhya Bharat; from 1 July 1957 supervision was vested in the central banks throughout Madhya Pradesh.

Registrar, who was independent of the Assistant Registrar in charge of other co-operatives, there was little inter-relationship between the cane-growers' societies and the credit societies, except for the fact that some of the credit societies were affiliated to the cane unions and the members of these credit societies sold cane through the unions. The cane union and the cane-growers' societies did not give any cash loans, though some of these gave fertilizer loans.

Plans for the development of co-operatives were linked to the programme of organizing N.E.S. Blocks. For purposes of the Community Development Programme, the district was divided into 46 *anchal*-cum-development blocks, of which 7 were started by the end of 1955-6. During 1956-7, seven more blocks were started. The organization of large size societies was generally restricted to the areas covered by the N.E.S. blocks.

Thus, in effect, there were three types of administrative arrangements to attend to the formulation and administration of co-operative development plans. Firstly, in the areas not covered by the N.E.S. blocks, which accounted for more than two-thirds of the total area of the district, the administration was by an Assistant Registrar who was assisted by Inspectors, Local Auditors and Supervisors. The loan applications of societies in this area were channelled through the Supervisors appointed by the Co-operation Department and deputed to work in the central banks. The central bank which sanctioned the loans had a manager who was an Inspector of the Co-operation Department on deputation to the bank.

Secondly, in the area covered by the N.E.S. blocks, there was the Block Development Officer who was assisted by the Co-operative Extension Supervisor and Village Level Workers. The Village Level Workers in a N.E.S. block were in charge of a *halka* and assisted the co-operative societies in maintaining accounts as also in its general development activities. The loan applications of the societies were usually prepared by the societies with the assistance of the Co-operative Extension Supervisor and the Village Level Worker. The Co-operative Extension Supervisor submitted these to the Block Development Officer for onward transmission to the central bank. The manager of the central bank, who was an Inspector from the Co-operation Department on deputation, had a status lower than that of the Block Development Officer, but was expected to scrutinize the applications already approved by the Block Development Officer.

Thirdly, there was the administrative set-up to look after the cane unions and the primary cane-growers' societies. The jurisdiction of the Assistant Registrar in charge of this type of societies generally extended to over more than two districts. He was assisted by three organizers whose status was on par with that of the Inspector of Co-operative Societies. The organizers assisted by Supervisors helped the cane unions and primary cane-growers' societies in their negotiations with the sugar factories. They worked in co-ordination with the Cane Inspector who was responsible to the Cane Commissioner. The relationship between the factory and unions in regard to the delineation of areas for purposes of regulation of supply of cane to sugar factories

and allied matters was looked after by the Cane Inspector who had, however, little to do with the organization, working or administration of the cane co-operatives.

For purposes of administration of co-operatives other than cane co-operatives, the district was divided into three circles, each under the charge of an Assistant Registrar. The jurisdiction of one Assistant Registrar covered the area of operation of two central banks. Each of the remaining two had an area co-terminus with the area of operation of a central bank. Thus, for purposes of administration of co-operatives including cane co-operatives, there were, in all, four Assistant Registrars in the district.

No pilot project of the Integrated Rural Credit Scheme was launched in the district. As at the end of July 1956 there were three marketing societies, and by the end of June 1957 three more were organized in the N.E.S. areas. All the five large size societies organized till the end of June 1957 were also in the N.E.S. areas. These large size societies as well as the three newly organized marketing societies were sanctioned share capital contribution by the State Government to the extent of Rs 50,000 and Rs 60,000, respectively. The policy regarding sanctioning of godown loans and subsidies for construction of godowns was such that in the N.E.S. areas a marketing society was preferred to a large size society in this regard. The managers of large size societies and marketing societies were Government employees on deputation who were paid by Government. All the managers so appointed were *ex-officio* members of the managing committees of the societies.

In the preceding chapter, a reference was made to the *Credit Agricole* Scheme introduced in the State in 1945. The *Credit Agricole* depots were run by the state co-operative bank, and the central banks acted merely as agents of the state co-operative bank. The central banks in the district continued to sell fertilizers on cash payment, and gave fertilizer loans under the Scheme through the credit societies.

Attempts to amalgamate the four central banks in the district met with opposition from the central banks. However, by the end of 1958, it was decided to have two central banks instead of one only, three of the four banks having agreed to merge. The fourth bank, though its financial position was weak, was allowed to function independently because of the opposition of some of its prominent members. State contribution to share capital amounting to Rs 1,50,000 was sanctioned to two central banks; the amount was deposited with the state co-operative bank and could be drawn after the adoption of the model by-laws recommended by the Registrar of Co-operative Societies.

Audit of co-operative societies was the statutory responsibility of the Registrar of Co-operative Societies. There were no supervising unions in the district. Supervision was done by Supervisors appointed by the Co-operation Department and deputed to work in the central banks; the responsibility for supervision was vested in the central banks.

## 13.10 NADIA

The co-operative credit organization in this district comprised 565 primary agricultural credit societies with unlimited liability, 30 with limited liability and 2 central banks. Nearly 81 per cent of the primary credit societies in the district were practically dormant.<sup>1</sup>

Thirteen large size societies were organized in the district before the end of June 1957. Generally speaking, one large size society was organized for an area covering six to twelve villages. If there were any small size societies already working in the area, these were not immediately amalgamated but the members of the societies, if they were in need of loans, were asked to enroll themselves as members of the large size societies. This procedure was found to be necessary as many of these societies, which were adversely affected by the depression of the thirties and subsequently by the Partition, were dormant for many years. The Debt Settlement Board awards under the Bengal Agricultural Debtors Act, 1935 also adversely affected the co-operative credit structure. Hence, the newly organized large size societies did not take over the liabilities of the dormant societies.

The implementation of the co-operative development plans was initiated only in the latter half of 1956-7. Between January and June 1957, thirteen large size societies were organized. None of them received State contribution to share capital though two obtained godown loans and subsidies. State aid to the credit societies was mainly in the form of loans and subsidies for construction of godowns, as details about the policy regarding State contribution to the share capital were not finalised till June 1957. All the large size societies were, however, provided with the services of trained managers and received management subsidy to the extent of Rs 75 per month per manager.

The co-operative marketing in the district was undeveloped. There was only one marketing society which undertook marketing of produce; it was under the administrative control of the Agricultural Department.

Though there was a move for amalgamation of the two central banks in the district, it could not be implemented due to opposition from one. Pending the amalgamation, no State contribution to share capital was made till June 1957. There were no primary land mortgage banks in the district.

Whereas audit was the statutory responsibility of the Registrar of Co-operative Societies, supervision of the societies was entrusted to the central banks which appointed Supervisors for this purpose. There were no supervising unions. But because of inadequacy of supervisory staff and as the recovery of crop loans was virtually the responsibility of the Co-operation Department, much of the supervisory work devolved, in practice, on the Inspectors attached to the Co-operation Department. In N. E. S. and C. D. P. areas, the Block Level Co-operative Officers were responsible for supervision.

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<sup>1</sup>Based on ISS(1) data.

### 13.11 BIKANER

The co-operative structure in the district comprised 1 central bank, 1 central purchase and sale society and 60 primary societies including 16 weavers' societies, 10 consumers' stores and 6 sheep-breeders' societies. Of these, six societies carried on multi-purpose activities and were classified as credit societies though these hardly provided any credit.

Though the co-operative development plan provided for the organization of 30 small size societies during 1956-7, no such societies were organized. The central bank, which was registered in May 1951 with an area of operation over two districts, namely, Bikaner and Churu, had 54 primary societies (which were not agricultural credit societies) as members. The total working capital of the central bank amounted to Rs 45,630 at the end of June 1957 and the only loan advanced by it in 1956-7 was out of the funds received from the Community Projects Administration for purposes of financing the sheep-breeding co-operatives. No provision for State contribution to the share capital of the bank was made in 1956-7.

The audit and supervision was the responsibility of the Registrar of Co-operative Societies. While audit was done by the Inspectors of the Co-operation Department, supervision was carried out by the Assistant Inspectors of the same Department.

### 13.12 INTER-DISTRICT VARIATIONS IN STRUCTURE AND OPERATIONS

From the foregoing study of the structure of co-operative credit and marketing in the selected districts, it will be seen that whereas the structural pattern was generally similar in all the districts, there were wide variations in the nature of operations of the components as well as in the implementation of the co-operative development schemes and administrative arrangements regarding audit and supervision. It is proposed to recapitulate in the following paragraphs the more important variations.

The primary credit societies in the districts of Etawah and Gaya were mostly of the limited liability type. In Coimbatore, West Godavari, Ferozepur, Mandsaur and Nadia, the proportion of unlimited liability type societies was high. In Broach, East Khandesh and Dharwar, the introduction of the pilot projects in the entire district resulted in a decline in the number of unlimited liability type societies.

While the pilot projects in Broach, East Khandesh and Dharwar covered the whole district, those in Coimbatore and West Godavari were confined to only a part of the district. The pilot project, if it can be thus called, in Mandsaur district was formulated on a very small scale and made little headway. In other districts, except in the area covered by the Mahewa Rural Credit Project in Etawah, no efforts were made at introducing the Integrated Rural Credit Scheme. In Broach, East Khandesh, Dharwar and in the area covered by the Full Finance Scheme in Coimbatore, the pilot projects brought about a reorientation in the sphere of loan policy and procedure, but in the other districts there was little change in this respect.

The number of large size societies organized before the end of June 1957 was 136 in Broach, 135 in East Khandesh, 118 in Dharwar, 57 in West Godavari, 16 in Coimbatore, 13 in Nadia, 10 in Ferozepur and 5 each in Mandsaur and Gaya (Appendix Table 13.1); there were no large size societies in Etawah and Bikaner. These formed 59 per cent of the total number of primary credit societies in Broach, 16 per cent each in East Khandesh and Dharwar, 15 per cent in West Godavari and 2 per cent in Nadia. In other districts, these formed less than 2 per cent of the total number of primary credit societies. The number of small size societies which were amalgamated to form large size societies was the highest in Dharwar (130), followed by West Godavari (123) and Broach (107). (Appendix Table 13.2)

There were marketing societies in all the districts, except Bikaner. Many of these societies, with the exception of those in Broach and to some extent in East Khandesh and Dharwar, did not undertake sale of members' produce. In Gaya, cane-growers' societies were prominent. Some of the marketing societies in Broach, East Khandesh and Dharwar also carried on credit activities. Thus, in these districts, there was overlapping of functions between credit and marketing societies. Further, in all the districts, except Broach and Dharwar, no concerted efforts were made to link credit with marketing.

Co-operative processing made little headway. Out of the eleven selected districts, only in Broach processing societies were well developed. In the remaining districts, except East Khandesh, Dharwar and Ferozepur where there were a few co-operative processing units, there was hardly any co-operative processing activity. In East Khandesh and Dharwar, adequate attention was not paid to the development of co-operative processing. The district co-operative development plan provided for the organization of a co-operative rice-milling factory in West Godavari and a pressing factory in Coimbatore; but in Nadia, the district plan did not provide for any co-operative jute processing plants. Similarly, in Mandsaur which has a rice-growing area, there was no provision for any co-operative rice-mill. In Gaya, where sugarcane is an important crop, the sugar factories are privately owned and there was no provision for the organization of co-operative sugar factories. In Bikaner where wool is an important product, no provision was made for the setting up of any co-operative processing plant. The position described above indicates the absence of necessary emphasis on the development of processing co-operatives in almost all the districts.

In Gaya, Ferozepur, Nadia and Mandsaur, there were two or more central banks in a district. In these districts, as well as in Etawah and Bikaner, the central banks were generally weak. None of the central banks, except those in Broach, East Khandesh and Dharwar where the loan policy was formulated by the Field Workers' Conference, had brought about any reorientation in their loan policies and procedures since 1955. In Coimbatore, efforts were being made on an experimental basis to reorient the loan policy, incorporating the essential features of the crop loan policy only in the area covered by the Full Finance Scheme.

Five of the selected districts had two<sup>1</sup> or more central banks, Gaya having as many as four central banks. Of the eighteen central banks in the selected districts, only eight from six districts had received State contribution to share capital. (Appendix Table 13.3 columns 12 and 13). In Gaya, the State Government sanctioned share capital contribution but the amount was not drawn as the banks had not adopted upto June 1957 the model by-laws prescribed by the Registrar of Co-operative Societies.

There were primary land mortgage banks only in five districts, the number of banks varying from one in Broach to ten in Coimbatore. No planned effort at development of land mortgage banks was made in other districts.

State participation in co-operatives as envisaged by the All-India Rural Credit Survey Committee, had three aspects, namely, (1) State contribution to share capital (2) State participation in management and (3) State participation in the development of marketing. The position in regard to these aspects varied from district to district. The number of large size societies which were sanctioned share capital contribution before the end of June 1957 was 171, as will be seen from Appendix Table 13.3. These societies were located in Broach, East Khandesh, Dharwar, West Godavari, Mandasaur and Gaya. Besides, 97 large size societies were sanctioned loans and subsidies for construction of godowns. The number of large size societies which were sanctioned managerial subsidy was 198. Many large size societies in Broach, East Khandesh and Dharwar did not receive State contribution to share capital or godown loans/subsidies.

Forty-four marketing and processing societies in the selected districts were sanctioned State contribution to the share capital. Whereas East Khandesh accounted for the highest number of such societies at 13, the total amount sanctioned was the highest in Broach at Rs. 3.76 lakhs. The number of marketing societies which were sanctioned loans and subsidies for construction of godowns was five in Dharwar, three in Gaya, two in Ferozepur and one each in Broach, West Godavari and Nadia (Appendix Table 13.4). The position in regard to managerial subsidy was not very satisfactory.

Details of physical targets and achievements relating to the co-operative development plans are given in Appendix Table 13.5. Though the coverage of villages by co-operatives as revealed by the data was fairly satisfactory in almost all the districts except Mandasaur, Gaya and Bikaner, the achievements in regard to membership were not satisfactory in relation to the 1960-1 targets. Achievements in respect of short-term advances were quite satisfactory in Broach, Dharwar and West Godavari but in other districts, either the targets were not fixed or the achievements fell short of the targets. The position was still less satisfactory with regard to medium-term and long-term loans ; no targets for these types of loans were fixed in many districts.

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<sup>1</sup>Including West Godavari, where central banks from outside the district financed the societies in parts of the district.

As regards administrative arrangements, the Registrar of Co-operative Societies had statutory powers of audit in the districts of Broach, East Khandesh, Dharwar, Coimbatore, West Godavari, Mandasaur, Nadia, Gaya and Bikaner. In Ferozepur, audit of co-operative societies was the responsibility of the Chief Auditor attached to the Co-operation Department, Government of Punjab, who was independent of the Registrar of Co-operative Societies; as a transitional arrangement, the primary credit societies in Ferozepur were audited by the Sub-Inspectors attached to the Co-operation Department. In Etawah, it was the responsibility of the Central Audit Organization which functioned under the Finance Department.

In Broach, East Khandesh and Dharwar, supervision of co-operative credit societies was entrusted to the supervising unions; generally one for each taluk. The supervisors were appointed by the Co-operation Department and deputed to work in the supervising unions. The unions were under the control of the District Supervision Committee which in turn functioned under the Provincial Board of Supervision, of which the Registrar of Co-operative Societies was the chairman. Thus, the supervisory machinery in Broach, East Khandesh and Dharwar was more or less a part of the Co-operation Department and differed from that obtaining in Coimbatore and West Godavari. In Coimbatore and West Godavari, the supervising unions were under the administrative control of the central banks and the Supervisors attached to the unions were appointed by the central banks themselves and deputed to work in the unions. In the pilot project areas of Coimbatore and West Godavari, the newly organized large size societies were placed in charge of Supervisors appointed by the central banks so that there was a close administrative link between the central bank and large size societies.

In Ferozepur and Bikaner, supervision of primary credit societies was entirely the responsibility of the Co-operation Department, which was attended to by the field staff appointed by that Department. In Gaya, the Supervisors were appointed by the Co-operation Department and were placed under the administrative control of the central banks which were managed by the Inspectors appointed by the same Department. In Mandasaur and Nadia, the function of supervision was discharged by Supervisors appointed by the central banks. In Etawah, the Uttar Pradesh Co-operative Union was entrusted with the function of supervision, but the Supervisors were under the administrative control of the central banks.

While the general pattern of administrative set-up for audit, inspection and supervision in the different districts was on lines as indicated above, in the areas covered by the N.E.S. blocks the general control was exercised by the Block Development Officer or the Co-operative official of that area, assisted by the Extension Officers and Village Level Workers.



## CHAPTER 14

### CENTRAL CO-OPERATIVE BANKS

As a part of the supply-side investigation, all the central banks in the selected districts were studied. Data on financial position and operations of the selected banks were collected through a special supply schedule called the 'General Supply Schedule No. 2'. In addition, a memorandum was also prepared on the working of each of these banks. The information thus collected forms the main basis of the discussion in this chapter, which is divided into four sections. The first section deals with the financial position of the selected central banks, the second with loan procedures and policies, the third with loan operations and the fourth with management.

#### 14.1 FINANCIAL POSITION

##### 14.1.1 Jurisdiction and size

As at the end of June 1957, there were eighteen central banks in the eleven districts selected for the Survey, as may be seen from Table 14.1. In five districts, viz., Broach, East Khandesh, Dharwar, Coimbatore and Etawah, there was one central bank each for the entire district. There were two central banks in Mandsaur and Nadia, three in Ferozepur and four in Gaya. In West Godavari the jurisdiction of the Eluru Central Co-operative Bank extended to six taluks; the remaining two taluks, namely, Bhimavaram and Polavaram, were served by the Krishna and Rajahmundry Central Co-operative Banks, respectively, the headquarters of which were outside the district. The Bikaner Central Co-operative Bank had jurisdiction over two districts, namely, Bikaner and Churu.

The jurisdiction of a central bank extended over a revenue sub-division in Gaya and over more than one taluk in Ferozepur, Mandsaur and Nadia. Although there were two or more central banks, there was no overlapping of their jurisdiction in these districts except in Ferozepur, where a part of the area covered by the Moga and Fazilka Central Co-operative Banks was also served by the Ferozepur Central Co-operative Bank.

In pursuance of the discussions at the second meeting of the Standing Advisory Committee on Agricultural Credit in April 1952,<sup>1</sup> the following standards were recommended in regard to the central banks: (1) as a general proposition, there should be one central bank for a district, (2) a central bank covering an entire district should normally have paid-up share capital and reserves of at least Rs 3 lakhs, and (3) it should normally aim at having a minimum working capital of Rs 20 to Rs 25 lakhs within a reasonable time of its start. As stated earlier in Section 13.8, there was no move for amalgamation of the two central banks in Mandsaur.

<sup>1</sup> Proceedings of the Third Meeting of the Standing Advisory Committee on Agricultural Credit, held in Bombay on 15 and 16 December 1952—Reserve Bank of India : p. 9.

The move for amalgamation of two central banks in Nadia could not be implemented because of opposition from one of the banks. None of the four central banks from Gaya satisfied the above standards; only three of the four central banks in the district had agreed for amalgamation. In West Godavari and Ferozepur also, two or more central banks continued to operate.<sup>1</sup>

#### 14.1.2 Membership

All the eighteen central banks were of the mixed type, having both individuals and co-operative societies as their members. Whereas in Broach, East Khandesh, Dharwar and West Godavari, the number of affiliated agricultural credit societies declined during the period 1954-5 to 1956-7 (Appendix Table 14.1), which was mainly due to a decrease in the total number of agricultural credit societies as a result of amalgamation of the erstwhile small size societies, in the remaining six districts, the number of affiliated agricultural credit societies showed a perceptible increase because of the increase in the total number of agricultural credit societies.

#### 14.1.3 Working capital

Of the eighteen central banks studied, working capital exceeded Rs 3 crores in East Khandesh and Karnatak (Dharwar) Central Co-operative Banks (Table 14.1) and was between Rs 1.50 crores and Rs 3.00 crores in Eluru, Broach and Coimbatore Central Co-operative Banks. In the central banks from Ferozepur, Mandsaur and Etawah, the working capital ranged between Rs 12 lakhs and Rs 42 lakhs; in all the remaining central banks it was less than Rs 10 lakhs.

Of the total working capital of the central banks, owned funds generally accounted for less than 30 per cent (Table 14.1 and Appendix Table 14.2) in almost all the districts except Etawah where the proportion was 34 per cent.

Deposits constituted more than 50 per cent of the working capital in Broach, East Khandesh, Dharwar, Coimbatore and Mandsaur and nearly 50 per cent in Ferozepur, Etawah and Bikaner. The corresponding proportion was less than 30 per cent in West Godavari, Gaya and Nadia. The relatively low proportion of deposits in West Godavari needs to be studied in the context of the large working capital; the bank had borrowed large amounts from the state co-operative bank and the Reserve Bank of India.

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<sup>1</sup>Among the various arguments put forth against amalgamation by individuals' and central banks, the more important ones were that : (1) the 'other' central bank (which was to be merged), was financially weak ; (2) the 'other' central bank had large liabilities and a large portion of its outstanding loans was not recoverable ; (3) the 'other' central bank had many individuals as members who dominated it and (4) if the central banks were merged, the interests of this or that region would suffer. But perhaps the most important reason for opposition to amalgamation was the possibility of a change in the composition of board of directors of the central banks as a result of merger and a change in the area of operation. For instance, in one of the selected districts, the central bank which was financially very weak successfully managed to prevent amalgamation by bringing high level pressure.

TABLE 14.1—COMPOSITION OF WORKING CAPITAL OF CENTRAL BANKS

(As at the end of June 1957)

	Total working capital (In lakhs of rupees)	PERCENTAGE TO WORKING CAPITAL			
		Share capital	Reserve and other funds	Deposits <sup>1</sup>	Borrow- ings
	1	2	3	4	5
Broach C. C. Bank	171.68	11	5	55	29
East Khandesh C. C. Bank	393.36	8	7	77	9
Dharwar : Karnatak C. C. Bank	310.99	8	4	71	17
Coimbatore C. C. Bank	168.95	5	5	64	26
West Godavari : Eluru C. C. Bank	201.11	8	3	25	65
Ferozepur :					
Ferozepur C. C. Bank	41.69	9	9	56	26
Moga C. C. Bank	35.76	8	14	49	30
Fazilka C. C. Bank	22.98	10	17	38	35
<b>Total</b>	100.43	9	13	49	29
Etawah C. C. Bank	30.09	28	6	47	19
Mandsaur :					
Mandsaur C. C. Bank	28.03	10	6	77	7
Neemuch C. C. Bank	12.40	10	7	83	—
<b>Total</b>	40.43	10	6	79	5
Gaya :					
Jahanabad C. C. Bank	2.17	9	28	14	49
Aurangabad C. C. Bank	2.35	13	17	45	25
Nawadah C. C. Bank	3.85	8	—	28	63
Gaya Sadar C. C. Bank	3.31	3	—	9	88
<b>Total</b>	11.68	8	9	23	60
Nadia :					
Nadia C. C. Bank	9.48	13	20	29	38
Ranaghat C. C. Bank	5.89	13	13	7	68
<b>Total</b>	15.37	13	17	21	49
Bikaner <sup>2</sup> C. C. Bank	0.46	22	—	46	32

Note :—C. C. Bank means Central Co-operative Bank.

<sup>1</sup> Includes credit balances in cash-credit accounts wherever reported. (See Appendix Table 14.5)

<sup>2</sup> Data pertaining to Bikaner Central Co-operative Bank relate to the bank as a whole, which covered both Churu and Bikaner districts.

The percentage increase in the working capital of the central banks during the period 1954-5 to 1956-7 (Appendix Table 14.2) varied between 26 per cent and 176 per cent in West Godavari, Mandsaur, Dharwar, Ferozepur, Etawah, East Khandesh, Coimbatore and Broach. In other districts except Bikaner, the percentage increase was less than 20. In two central banks, namely, Jahanabad and Nawadah from Gaya, there was a decline in the working capital.

In Broach, East Khandesh and Dharwar, working capital per 100 rural cultivating families in 1956-7 was Rs 23,748, Rs 30,411 and Rs 22,395, respectively (Table 14.2). It was Rs 17,504 in West Godavari. Ferozepur, Coimbatore and

Mandsaur came next in the order (between Rs 7,000 and Rs 4,000), followed by Etawah, Nadia, Gaya and Bikaner.

**TABLE 14.2—WORKING CAPITAL OF CENTRAL BANKS PER HUNDRED RURAL CULTIVATING FAMILIES**

	June 1955 (Rs)	June 1957 (Rs)
Broach	19,149	23,748
East Khandesh	21,549	30,411
Dharwar	14,370	22,395
Coimbatore	5,321	6,949
West Godavari	6,482 <sup>1</sup>	17,504 <sup>1</sup>
Ferozepur	4,647	7,001
Etawah	1,439	2,018
Mandsaur	2,784	4,676
Gaya	323	348
Nadia	1,376	1,505
Bikaner	1 <sup>2</sup>	43 <sup>2</sup>

<sup>1</sup> Excluding data for Bhimavaram and Polavaram taluks which were not covered by the Eluru Central Co-operative Bank.

<sup>2</sup> Inclusive of data for Churu district which was covered by the Bikaner Central Co-operative Bank.

#### 14.1.4 Share capital and reserves

Eleven of the eighteen central banks had share capital of less than Rs 3 lakhs each, which included all the central banks in Mandsaur, Gaya, Nadia and Bikaner and two out of the three banks in Ferozepur. Whereas the central bank in Bikaner was of comparatively recent origin, those in the remaining four districts were working for a fairly long time. Details relating to share capital, owned funds and working capital of selected central banks are given in Table 14.3.

Of the remaining seven central banks, two, viz., Karnatak (Dharwar) and East Khandesh Central Banks had share capital exceeding Rs 20 lakhs; Eluru and Broach Central Banks had between Rs 15 and 20 lakhs; Coimbatore and Etawah Central Banks had between Rs 5 and 10 lakhs and Ferozepur Central Bank had about Rs 4 lakhs. Six of these banks had jurisdiction extending over the entire district. Thus, it is obvious that a central bank serving a fairly large area, viz., an entire district, was able to build up a relatively stronger share capital base.

TABLE 14.3—SHARE CAPITAL, RESERVES AND OWNED FUNDS OF SELECTED CENTRAL BANKS: 1956-7

(Amount in lakhs of rupees)

	Paid-up share capital	Of that in col. (1) State contribution to share capital	Reserve and other funds	Owned funds (1+3)
	1	2	3	4
Broach C. C. Bank ..	18.62	1.00	8.33	26.95
East Khandesh C.C. Bank ..	30.17	3.00	26.70	56.87
Dharwar : Karnatak C. C. Bank ...	23.84	1.00	12.72	36.56
Coimbatore C. C. Bank ..	8.63	—	7.94	16.57
West Godavari : Eluru C. C. Bank ..	15.09	2.00	5.29	20.38
Ferozepur:				
Ferozepur C. C. Bank ..	3.80	1.00	3.93	7.73
Moga C. C. Bank ..	2.72	0.50	4.93	7.65
Fazilka C. C. Bank ..	2.27	0.50	3.98	6.25
Total ..	8.79	2.00	12.84	21.63
Etawah C. C. Bank ..	8.42	—	1.67	10.09
Mandsaur:				
Mandsaur C. C. Bank ..	2.84	0.75	1.54	4.38
Neemuch C. C. Bank ..	1.21	—	0.84	2.05
Total ..	4.05	0.75	2.38	6.43
Gaya <sup>1</sup> :				
Jahanabad C. C. Bank ..	0.19	—	0.62	0.80
Aurangabad C. C. Bank ..	0.30	—	0.39	0.69
Nawadah C. C. Bank ..	0.31	—	0.01	0.33
Gaya Sadar C. C. Bank ..	0.11	—	—	0.11
Total ..	0.91	—	1.02	1.93
Nadia:				
Nadia C. C. Bank ..	1.20	—	1.90	3.10
Ranaghat C. C. Bank ..	0.75	—	0.74	1.49
Total ..	1.95	—	2.64	4.59
Bikaner C. C. Bank ..	0.10	—	—	0.10

<sup>1</sup>An amount of Rs 1.50 lakhs was sanctioned towards share capital contribution of two central banks, but it was not drawn during 1956-7.

Eight out of the eighteen central banks received State contribution to their share capital (Table 14.3). State contribution to share capital as a proportion of the total paid-up share capital was 26 per cent each in Ferozepur and Mandsaur Central Banks, 22 per cent in the Fazilka Central Bank (Ferozepur), 18 per cent in the Moga Central Bank (Ferozepur), 13 per cent in the Eluru Central Bank and less than 10 per cent in the remaining three banks.

The proportion of share capital held by societies (Appendix Table 14.3) varied between 34 per cent and 99 per cent. The proportion of share capital held by individuals to total share capital ranged between 1 per cent and 67 per cent; it was 46 per cent in Bikaner Central Bank, 67 per cent in Gaya Sadar Central Bank, 52 per cent in Jahanabad Central Bank, 47 per cent in Neemuch Central Bank (Mandsaur) and 29 per cent in Karnatak Central Bank (Dharwar).

The share capital of central banks per 100 rural cultivating families (Table 14.4) indicates the progress made by central banks in increasing the share capital in the different districts.

TABLE 14.4—SHARE CAPITAL OF CENTRAL BANKS PER HUNDRED RURAL CULTIVATING FAMILIES

	June 1955 (Rs)	June 1957 (Rs)
Broach ...	1,693	2,576
East Khandesh ...	1,249	2,333
Dharwar ...	1,204	1,717
Coimbatore ...	290	355
West Godavari ...	584 <sup>1</sup>	1313 <sup>1</sup>
Ferozepur ...	448	613
Etawah ...	287	565
Mandsaur ...	253	469
Gaya ...	23	27
Nadia ...	158	192
Bikaner ...	1 <sup>2</sup>	9 <sup>2</sup>

<sup>1</sup>Excluding data for Bhimavaram and Polavaram taluks which were not covered by the Eluru Central Co-operative Bank.

<sup>2</sup>Inclusive of data for Churu district which was covered by the Bikaner Central Co-operative Bank.

The share capital of central banks per 100 rural cultivating families in 1957 exceeded Rs 1,000 in Broach, East Khandesh, Dharwar and West Godavari, and varied between Rs 500 and Rs 1,000 in Ferozepur and Etawah, between Rs 200 and Rs 500 in Coimbatore and Mandsaur, and was less than Rs 200 in Gaya, Nadia and Bikaner.

#### 14.1.5 Deposits

Deposits with central banks exceeded Rs 2 crores in Dharwar and East Khandesh, and were between Rs 90 lakhs and Rs 110 lakhs in Broach and Coimbatore Central Banks; in six other central banks, deposits were between Rs 10 lakhs and Rs 90 lakhs. In the remaining eight central banks, deposits were less than Rs 10 lakhs each, and in four of them these were below Rs 1 lakh each. Deposits from individuals constituted more than 50 per cent of the total in Broach, East Khandesh, Dharwar, West Godavari, Ferozepur, Etawah, Mandsaur and Nadia. Deposits from *quasi*-Government bodies were sizeable only in Broach and Dharwar. Deposits from co-operative institutions constituted less than 10 per cent of the total deposits in Ferozepur and Nadia (Appendix Table 14.5).

Figures regarding deposits with central banks per 100 rural cultivating families (Table 14.5) indicate the extent to which central banks were able to attract deposits.

TABLE 14.5—DEPOSITS IN CENTRAL BANKS PER HUNDRED RURAL CULTIVATING FAMILIES : 1956-7

	Deposits per hundred rural cultivating families (Rs)	Proportion of deposits from co-operative institutions to total deposits (Per cent)
Broach	13,104	33
East Khandesh	23,422	14
Dharwar	15,991	18
Coimbatore	4,451	62
West Godavari	4,298 <sup>1</sup>	30 <sup>1</sup>
Ferozepur	3,436	8
Etawah	955	13
Mandsaur	3,694	20
Gaya	82	68
Nadia	312	8
Bikaner	20 <sup>2</sup>	90 <sup>2</sup>

<sup>1</sup>Excluding data for Bhimavaram and Polavaram taluks which were not covered by the Eluru Central Co-operative Bank.

<sup>2</sup>Inclusive of data for Churu district which was covered by the Bikaner Central Co-operative Bank.

Deposits per 100 rural cultivating families exceeded Rs 23,000 in East Khandesh, and were between Rs 13,000 and Rs 16,000 in Broach and Dharwar.

Fixed deposits constituted more than 50 per cent of the total deposits (Appendix Table 14.4) in Dharwar, West Godavari and Nadia. In the last mentioned district, the total deposits were scanty; further, the deposits of individuals constituted a sizeable proportion of fixed deposits. In East Khandesh, Mandsaur and Gaya, savings deposits accounted for more than 50 per cent of the total deposits. Except in Broach, Dharwar, Coimbatore and Bikaner, current deposits constituted less than 25 per cent of the total.

A study of the data regarding deposits in 1954-5 and 1956-7 (Appendix Table 14.5) indicates that in all the districts except Broach and Nadia, there was an increase. The decline noticed in Broach was largely attributed to withdrawals following a fall in cotton output and was also partly due to withdrawals by societies for additional investment in the share capital of the central bank.

#### 14.1.6 Borrowings

Of the working capital of the selected central banks as at the end of June 1957, borrowings (other than deposits)<sup>1</sup> formed 65 per cent in West Godavari, 60 per cent in Gaya and 49 per cent in Nadia. On the other hand, the proportion was as low as 5 per cent in Mandsaur, 9 per cent in East Khandesh and 17 per cent in Dharwar. As these figures indicate the position as at the end of the co-operative year, the importance of borrowings, particularly from the Reserve Bank of India, could be seen from the figures given in Table 14.6.

<sup>1</sup>Refer to outstandings at the end of the year.

TABLE 14.6—SHORT-TERM LOANS AVAILABLE FROM THE RESERVE BANK OF INDIA

		AMOUNTS DRAWN FROM THE RESERVE BANK OF INDIA DURING THE YEAR (In lakhs of rupees)		
		1954-5	1955-6	1956-7
Broach C. C. Bank	..	29.00	40.00	125.00
East Khandesh C. C. Bank	..	30.00	26.00	21.00
Dharwar <sup>1</sup> : Karnatak C. C. Bank <sup>2</sup>	..	28.00	50.00	70.00
Coimbatore C.C. Bank	..	8.00	11.00	17.00
West Godavari: Eluru C. C. Bank	..	24.75	39.00	78.50
Ferozepur:				
Ferozepur C. C. Bank	..	8.00	4.25	10.00
Moga C. C. Bank	..	—	10.00	10.00
Fazilka C. C. Bank	..	6.00	9.00	8.50
Total	..	14.00	23.25	28.50
Etawah C. C. Bank	..	7.00	8.00	— <sup>3</sup>
Mandsaur <sup>1</sup> :				
Mandsaur C. C. Bank	..	—	..	2.00
Neemuch C. C. Bank	..	—	—	— <sup>4</sup>
Total	..	—	..	2.00
Gaya:				
Jahanabad C. C. Bank	..	—	—	—
Aurangabad C. C. Bank	..	—	—	—
Nawadah C. C. Bank	..	—	—	—
Gaya Sadar C. C. Bank	..	—	—	—
Total	..	—	—	—
Nadia <sup>1</sup> :				
Nadia C. C. Bank	..	3.19	4.10	5.65
Ranaghat C. C. Bank	..	2.17	2.92	3.90
Total	..	5.36	7.02	9.55
Bikaner C. C. Bank	..	—	—	—

*Note:* Refers to short-term loans advanced at 2 per cent below the Bank Rate but excludes medium-term loans.

<sup>1</sup>Credit limits were not fixed separately for each central bank but an aggregate limit was fixed for the state co-operative bank against State Government guarantee.

<sup>2</sup>A limit of Rs 10 lakhs was sanctioned for the bank but was not drawn during the year.

<sup>3</sup>Consequent on reorganization of States, Dharwar district was transferred from Bombay State to Mysore State.

<sup>4</sup>Borrowings from Government only.

The Reserve Bank of India was the principal source of borrowings in Broach, East Khandesh, Dharwar, Coimbatore, West Godavari, Nadia and Ferozepur (Appendix Table 14.6). In relation to the number of rural cultivating families, the largest amount was drawn from the Reserve Bank of India by the Broach Central Bank followed by Eluru and Karnatak (Dharwar) Central Banks. Ferozepur and East Khandesh came next in this order. In Etawah, Mandsaur and Gaya, however, borrowings from state co-operative bank were sizeable. Borrowings from the State Government, wherever reported, were very small.



## 14.2 LOAN PROCEDURE AND POLICY

There were large variations in the loan procedures and policies obtaining in different districts.<sup>1</sup> The main features of loan procedure and policy are discussed in this section which, however, need to be seen in the context of the arrangements regarding audit, supervision and inspection obtaining in each district discussed in Chapter 13.

### 14.2.1 Broach

The loan procedure and policy obtaining before the initiation of the pilot project in October 1955 were to some extent in accordance with the principles set out in the policy statement<sup>2</sup> issued by the Bombay State Co-operative Bank in 1949-50.

#### *Loan procedure*

The primary society prepared each year a normal credit statement<sup>3</sup> furnishing, among others, the following particulars (Appendix 5) about each member : (1) cultivated area, (2) area of owned land, (3) area of land taken on lease and area declared under Section 24 AA for creation of a charge, (4) agricultural produce sold through co-operatives in the preceding year, (5) maximum credit limit, (6) amount of loan required, (7) credit limit sanctioned by the society, the supervising union and the central bank and (8) value of shares held. The scale of finance was recommended by the Field Workers' Conference which was convened every year and was subsequently approved by the central bank. The amount of loan required by a member was determined according to the scale approved by the central bank. After the normal credit statement was approved by the General Body meeting of the society it was forwarded to the supervising union. The Supervisor, who was a Government servant on deputation, submitted it to the committee of the union after his scrutiny. The committee which functioned as a branch advisory committee, forwarded it with its recommendation to the central bank. In the case of loan applications of A and B class (audit) societies, the recommendation of the union was accepted by the central bank. In the case of loan applications of C and D class societies, however, the central bank insisted on a further scrutiny of the credit requirements of each borrower by its Inspector.

The disbursement of loans to members was generally supervised by the Supervisor, since the overall responsibility for supervision was assumed to be with the Co-operation Department. Before drawing the loan amount, a borrowing member who owned land had to create a first charge on his land and anticipated crops in favour of the society under Section 24AA of the Bombay Co-operative Societies Act,

<sup>1</sup>A summary statement showing the scales of finance at which the central banks sanctioned loans in 1956-7 and maximum borrowing powers for societies with limited and unlimited liability is at Appendix 6.

<sup>2</sup>Vide discussion in Section 13.1.

<sup>3</sup>A copy each of the loan applications to be submitted by societies to central banks in different districts is at Appendix 5.

1925. Further, the society also insisted on the production of a certificate from the *talati* (village official) to ensure not only that the land was free from prior encumbrances but also that the borrower had the right of cultivation.<sup>1</sup> A tenant-cultivator was required to produce two sureties owning land.

Though the procedure outlined above was generally followed by the primary societies, in many cases, it was observed that the procedure was not strictly adhered to. For instance, in many selected societies the certificate of the *talati* was not obtained from the borrowers every time a fresh normal credit statement was prepared.

### *Loan policy*

A conference of field workers was convened every year which considered, among other issues, the scale of finance for the forthcoming year. The scale recommended by the Conference was generally accepted by the central bank. There was a re-orientation of the loan policy with the commencement of the pilot project of the Integrated Rural Credit Scheme in the district in 1955-6. The scale of finance which was fixed at Rs 20 per acre of owned land and Rs 10 per acre of leased land in 1953-4, was raised to Rs 30 per acre of owned land and Rs 20 per acre of leased land in 1955-6, and further to Rs 40 per acre of cultivated area, irrespective of whether owned or leased, in 1956-7. Prior to the initiation of the pilot project, the tenant-cultivators were not entitled to the scale of finance prescribed for the owner-cultivators. However, with the initiation of the pilot project, this distinction was removed and the tenant-cultivators were put more or less on the same footing as owner-cultivators by shifting the emphasis from ownership of land to cultivated area. Provision was made for linking credit with marketing which facilitated recovery of loans. As a result, there was an appreciable increase in the quantum of loans granted to cultivators.

The quantum of crop loan to a member was fixed at the rate of Rs 40 per acre<sup>2</sup> or 50 per cent of the value of produce marketed by him through the society during the previous one year, whichever was higher. Many members preferred loans on the basis of 50 per cent of the value of produce sold through co-operatives as they could get larger loans determined on that basis. In 1957-8, a modification was made, and the average produce sold by the borrower through the co-operatives during the preceding three years was taken into account for determination of the quantum of loan.

<sup>1</sup>Creation of first charge under Section 24AA of the Act and obtaining of a certificate from the *talati* who also made an entry in the village record to that effect ensured that loans were advanced only to those who were cultivators (whether owners or tenants) of land. The procedure, if strictly followed, prevented non-agriculturists, including traders, from availing of crop loans. In other districts, where this procedure was not prevalent, even non-agriculturists could get loans from co-operatives.

<sup>2</sup>Before the introduction of the pilot project, maximum credit limits for individual borrowers for short and medium-term loans were stipulated in the by-laws of individual societies, generally at Rs 400 and Rs 600, respectively. However, the by-laws provided for relaxation of these limits with the prior approval of the supervising unions and Central bank and thus, these limits were not operative.

Medium-term loans which were given against a charge under Section 24 AA of the Act, were confined to members owning ten or more acres of land. The maximum quantum of medium-term loans as fixed in the by-laws was generally Rs 600 but in a few cases it was raised to Rs 1,500. However, it could not in any case exceed 20 times the assessment or one-sixth of the value of land owned by the member which was estimated at 120 times its land revenue assessment. Further, there was an overall limit on the total amount of loans; both short-term and medium-term loans together could not exceed one-third of the value of land owned by him<sup>1</sup>.

It may be noted that under the revised policy, loans were granted at the rate of Rs 40 per acre irrespective of the type of crops grown (Appendix 6). Considering the variations in the credit requirements for different crops, the uniformity in scale of finance does not appear logical. In the words of the Bombay Crop Loan Evaluation Committee "...The single most important step forward in the progress of the crop loan system, therefore, is that of ensuring that all members get adequate finance needed for good cultivation.... It is necessary that all credit limits should now be firmly based in systematic calculations about the needs of good cultivation under the actual conditions of each area and each crop."<sup>2</sup>

The policy approved by the central bank provided for the disbursement of a loan in instalment and a part of it in kind. In 1956, loans were to be advanced in three instalments (60 per cent in April-May, 20 per cent in June-July and the remaining 20 per cent in October-November), and 20 per cent of the total loan was to be disbursed in kind. In 1957, the policy was relaxed and discretion regarding giving of loans in instalments was left to the society. Further, those members who did not want loans in kind could avail of, in cash, one-half of the 20 per cent of the loan in kind provided they agreed not to draw 10 per cent of the total credit limit. Further, discretion regarding the timing of instalments and mode of disbursement of loan in kind was left to the primary society. A condition to be satisfied by the borrower was that he should have invested in the shares of the society at least 20 per cent of his credit limit in case he was an owner-cultivator and at least 33½ per cent in case he was a tenant-cultivator (Appendix 6). There was a similar obligation on the part of the primary society to invest at least 10 per cent of its borrowings from the central bank in its shares; this proportion was raised to 20 per cent in July 1957.

Another drawback of the loan policy in the district was that all crop loans were due for repayment by the end of March every year. While the then existing practice was advantageous to the cotton growers, it was not so to other cultivators. As loans were given for cultivation of different crops, it was logical that they should be recovered from the sale proceeds of each crop for the cultivation of which they were granted. Otherwise, as stated by the Bombay Crop Loan Evaluation Com-

<sup>1</sup>Not operative to the extent that crop loans were also given against crops grown on land cultivated on a tenancy basis.

<sup>2</sup>Report of Crop Loan Evaluation Committee, Part I: The Bombay State Co-operative Bank Ltd., 1958, pp. 46-49.

mittee, "This practice encourages postponement of repayment which sometimes leads to an eventual inability to repay.... The almost deliberate tendency to allow dues to accumulate towards one yearly point of repayment irrespective of crop seasons should be discontinued and loans made for each crop should be recovered out of the proceeds of the same crop unless the failure of an earlier crop has to be compensated by the proceeds of a later one".<sup>1</sup>

In 1956-7, the central bank provided pledge finance both to primary credit societies and to agricultural marketing societies, which in turn granted pledge finance to members. The quantum of loan, rate of interest, etc., differed from society to society. For instance, whereas in some societies the practice was to deduct from the pool price of cotton the interest paid on pledge loans to the central bank (which meant that those cultivators who did not get pledge loans had to share the interest on pledge loans availed of by others), in others, the interest was charged only to those cultivators who had taken pledge loans.

#### 14.2.2 East Khandesh

##### *Loan procedure*

The procedure for sanctioning loans in the district was similar to that obtaining in Broach. The convening of Field Workers' Conference for determining scales of finance, and preparation of normal credit statements (Appendix 5) were some of the important features of the loan procedure. Loans were given against a first charge created in favour of the society by the members on their lands and anticipated crops in terms of Section 24AA of the Bombay Co-operative Societies Act, 1925.

##### *Loan policy*

The central bank gave loans at different scales of finance; there were five types of loans, viz., (1) ordinary loans, (2) seasonal loans to 'adjusted debtors', (3) loans granted under the 'Adequate Finance Scheme' locally called the 'adequate finance' loans, (4) loans granted under the pilot project locally called the 'pilot finance' loans and (5) intensive cultivation finance for *jowar* and cotton grown under irrigation. There were varying scales of finance for dry crops as also for irrigated crops. Cotton, groundnut and *jowar* were classified as dry crops while sugarcane and banana as irrigated crops. The statement on page 330 shows some important features of the five types of loans granted by the central bank during 1956-7.

That the bank followed a policy of liberalizing its loan policy may be seen from the fact that in the case of both ordinary loans and adequate finance loans, the scale of finance which was Rs 250 per acre for irrigated crops in 1954-5, was raised to Rs 300 and Rs 600, respectively, in 1956-7 (Appendix 6). Further, the scale of finance for irrigated crops under the pilot project was raised from Rs 500 per acre in 1955-6 to Rs 600 per acre in 1956-7. Besides, the ceiling of Rs 300 on

<sup>1</sup>Report of Crop Loan Evaluation Committee: *op. cit.* p. 72.

## SCALES OF FINANCE DURING 1956-7

Type of loan	Dry crops	Irrigated crops	Remarks
1. Ordinary loans ..	Rs 20 per acre of owned land and four times the land revenue in the case of leased land	Rs 300 per acre	The entire amount was granted in cash in one instalment.
2. Seasonal loans <sup>1</sup> ..	<i>Jowar</i> and <i>bajra</i> —Rs 15 per acre; cotton—Rs 25 per acre; groundnut—Rs 30 per acre; wheat, gram, etc., Rs 20 per acre	Rice, wheat, chillies—Rs 25 per acre; sugarcane and bananas—Rs 250 per acre <sup>2</sup> ; oranges and other fruits—Rs 100 per acre; betel leaves Rs 100 per acre	Only 'adjusted debtors' under the provisions of the Bombay Agricultural Debtors Relief Act were eligible for these loans. Loans were granted in one instalment in cash.
3. Adequate finance ..	Rs 50 per acre upto 25 acres; Rs 20 per acre beyond 25 acres including ordinary loans	Rs 600 per acre	Loans for irrigated crops were granted in two instalments. Loans for dry crops were granted in four instalments, the second instalment being in kind and the others in cash.

Note: Only members who were not parties under the Bombay Agricultural Debtors Relief Act were eligible for these loans and the societies to be selected were required to be in 'A' or 'B' audit class for a continuous period of five preceding years and were not to be defaulters of the bank.

4. Pilot finance <sup>3</sup> ..	Rs 35 per acre of owned land and three times the land revenue in the case of leased land (including ordinary loans)	Rs 600 per acre of owned or leased land	Loans for irrigated crops were granted in two instalments, the first one in cash and the second in kind. Loans for dry crops were granted in three instalments of Rs 20, Rs 7 and Rs 8. The first and third instalments were granted in cash and the second in kind.
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5. Intensive cultivation finance	—	<i>Jowar</i> and cotton—Rs 80 per acre	75 per cent of the loan was given in kind.
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short-term loan and Rs 500 on medium-term loan to a member was no longer in force after the launching of the pilot project in October 1955.

<sup>1</sup>The scales of finance were fixed by the District Collector. The scales given thereunder applied to owned land; against leased land, quantum of loan could not exceed four times the land revenue.

<sup>2</sup>The scale of finance was raised to Rs 500 per acre, if the crops were sold through co-operative organizations.

<sup>3</sup>Only members selling produce through co-operatives were eligible for these loans.

In the case of the pilot finance loans, every borrower-member was required to sell his produce through co-operatives. Those members who failed to do so were sanctioned loans at the rate of Rs 20 per acre instead of Rs 35 per acre. The pilot finance loans and adequate finance loans were granted in instalments spread over the crop season and a portion was given in kind.

Though it was the policy of the central bank to extend credit facilities to tenants also, in practice no loans were reported to have been given to them in the district during the year 1956-7. The practice obtaining in the district till the end of 1956-7 was to give loans only to land owners. As will be seen later (Chapter 15, Table 15.2) 15 per cent of the tenants were members of co-operatives. Further, many small cultivators who cultivated land taken on lease from absentee landlords in addition to land owned by them did not get loans from co-operatives commensurate with their cultivated holding, as no loans were given in respect of area cultivated on tenancy basis.

Medium-term loans were not granted by the central bank during the year. The central bank granted pledge loans to credit and marketing societies for a period of three to six months. It also advanced similar loans directly to individuals. A large part of the loans received by the marketing societies from the central bank was reported to have been utilized for giving 'trade credit' (discussed in Section 17.4) to merchants and traders.

#### 14.2.3 Dharwar

As the district formed a part of the pre-reorganized Bombay State, loan policy of the central bank was based on the principles set out in the policy statement issued by the Bombay State Co-operative Bank in 1949-50. The loan procedure followed by the central bank was generally similar to that obtaining in Broach, but there were a few variations which are indicated below.

#### *Loan procedure*

In the areas not covered by NES blocks, the loan application of a primary society was routed through the supervising union to the central bank. In the areas covered by NES and Community Development blocks, it had to pass, before reaching the central bank, through different officials, viz., the *Gram Sevak* and the Assistant District Co-operative Officer who was responsible to the Block Development Officer. In addition, the Inspector of the bank was also required to scrutinize the application and make his recommendation.

Normal credit statements (Appendix 5) were prepared every year and the Field Workers' Conference to fix the scale of finance for different crops was also held annually. The practice of creating a first charge by members on their owned lands and anticipated crops in favour of the primary society was also followed in the district as the provisions of the Bombay Co-operative Societies Act, 1925 were in force in the district in 1956-7. A certificate regarding 'charge' on land from the *talati* was obtained every year. The procedure for obtaining every year the

*talati's* certificate regarding land rights and creation of the charge in favour of the society was followed so strictly that in some cases where these certificates were not produced at the time of sending the loan application, loans were withheld. There were complaints from cultivators that *talatis* expected illegal gratification if members insisted on getting the certificate at short notice so as to be able to hand it over to the secretary before the normal credit statement was forwarded by the society. In the case of tenants, two land owning sureties who were members of the society were required to be produced.

### *Loan policy*

Normal credit statements, prepared each year, provided for collection of detailed information regarding area under different crops, and the quantum of loan for each crop was worked out separately (Appendix 6).

Upto October 1955, the quantum of loan to a member was fixed on the basis of crops and acreage owned by him subject to the maximum of Rs 300 as short-term loan and Rs 500 as medium-term. After the initiation of the pilot project, the scales of finance fixed in relation to the area under different crops were liberalized. The scale of finance for each crop varied for different regions and these were determined every year at the Field Workers' Conference. The time of disbursement of loan, number of instalments, scale of finance and the date of repayment were fixed for each crop and for each region separately. To this extent, the loan policy in Dharwar was an improvement over that obtaining in Broach.

Besides introducing a rational approach to the problem of determining the quantum of loan, the revision in the loan policy removed to some extent the distinction between the tenant and the owner-cultivator. The scales of finance are given in the summary statement below:

Crop	Rupees per acre
<i>Jowar</i>	... 20
Pulses and millets	... 15
Wheat and cotton	... 25
Groundnut	... 30
Paddy, onion, potato and chillies	... 50
Paddy (Japanese method)	... 100
Sugarcane	... 200
Pan creepers	... 500

Before the initiation of the pilot project, short-term loans to a member were generally advanced upto Rs 300-400 depending upon the by-laws of the societies. With the initiation of the pilot project, the by-laws prescribing maximum limits for individuals became inoperative.

A member was required to invest at least 10 per cent of the total loans borrowed in the shares of the primary society, while the latter was required to invest at least 5

per cent of its borrowings from the central bank in its shares. The total amount of short and medium-term loans to a member was also subject to an overall limit of one-third of the value of his lands.

The loan sanctioned to a member was disbursed by the central bank as well as by the primary societies in three instalments if the amount exceeded Rs 100 ; the first instalment was for preparation of soil and purchase of manure, the second for weeding and inter-cultural operations and the third for harvesting operations. Regional variations in the district were taken into account while disbursing the loan instalments and fixing the dates of repayment of loans. Loan amounts were disbursed to the members by cheques.

In addition to crop loans, a member was eligible for a loan in kind in the form of manure-mixture upto 25 per cent of the crop loan. Consumption loans were also granted to members who owned less than ten acres of land in *Yerinad* and five acres in *Malnad*; such members, as will be seen later, were not eligible for medium-term loans. A defaulting member was not eligible for fresh loans. A borrowing member had also to give an undertaking to sell his produce through a co-operative marketing society.

Medium-term loans were granted by the central bank for a period of three to five years to those members who cultivated ten acres or more land in *Yerinad* and five acres or more in *Malnad*. Thus, the small cultivators could not avail of medium-term loans. The medium-term loan sanctioned to a member was disbursed in three instalments.

The central bank granted financial accommodation for giving loans against pledge of produce mostly to marketing and in very exceptional cases to primary credit societies. Accommodation was given in three ways: (1) cash-credit, (2) godown limits and (3) through discounting of *hundis* and bills. Cash-credit to marketing societies was sanctioned on the security of their floating assets. The godown limits against agricultural produce upto a stipulated percentage of its market value were sanctioned for a period of six months. Unlike in Broach, only marketing societies were giving pledge finance in Dharwar.

#### 14.2.4 Coimbatore

##### *Loan procedure*

The loan application (Appendix 5) to be submitted by the society to the central bank did not provide for giving as many details as provided for in the loan application in Dharwar. The loan application was scrutinized by the Supervisor who was an employee of the central bank on deputation with the local supervising union and it was then forwarded to the union. After verification of the particulars, the union made its recommendations and forwarded the application to the central bank which sanctioned the loans.



### *Loan policy*

The pilot project was implemented in only three taluks of Coimbatore. It was observed that there was no significant change in the loan policy of the central bank after the initiation of the pilot project; the large size societies, particularly those covered by the Full Finance Scheme were, however, expected to give crop loans. The central bank granted three types of loans, namely, short-term loans (for less than one year), medium-term loans (one to three years), and long-term loans (three to five years); the Registrar of Co-operative Societies had stipulated a ratio of 4:4:2, respectively, for these types of loans. Short-term and medium-term loans upto Rs 500 were granted by primary societies to members against two sureties; loans exceeding this amount were granted against mortgage of land. Mortgage loans (i.e., exceeding Rs 500) were given upto the maximum of 50 per cent of the value of land which was mortgaged and upto  $33\frac{1}{3}$  per cent of value of houses. Pledge loans to individuals were granted upto Rs 3,000 (Appendix 6). Loans against security of jewels were granted upto a maximum of Rs 1,000. The maximum credit limits for individuals in different types of societies, namely, small size societies and agricultural banks, were fixed at varying levels.

A tenant-cultivator was eligible to a loan provided he produced a certificate from his landlord to the effect that the landlord had no objection to the produce grown by him being sold through the marketing society to which the credit society was affiliated.

Loans were generally disbursed in cash and in lump sum. A primary society had to invest at least one-twentieth of its borrowings in the shares of the central bank, while a member was required to invest one-tenth to one-fifth of his borrowings in the shares of the primary society. The maximum borrowing power of a primary society was fixed at eight times the owned funds in a limited liability type society and at one-eighth of the net assets of the members in an unlimited liability type society.

Efforts were made on an experimental basis in a small area in the Erode taluk to liberalize the loan policy with a view to meeting the total requirements of cultivators under the Full Finance Scheme which was launched during 1956-7. This Scheme aimed at providing the entire agricultural credit requirements of the rural families. The agricultural banks in the area were provided with the services of an extra Supervisor to increase the membership, deposits, loan operations etc. Loans to members of societies in the area covered by the Scheme were granted on the basis of acreage of land and type of crop cultivated; however, loans against mortgage of land continued to predominate. Members were required to give an undertaking at the time of obtaining loans that they would sell their produce through co-operatives. Though the principle of granting loans in relation to estimated outlay on crops seemed to have been accepted by the central bank at least in the area covered by the large size societies in the pilot project area and in the area covered by the Full Finance Scheme, no efforts were made to implement it on a large scale.

## 14.2.5 West Godavari

The following discussion on loan procedure and policy in this district relates mainly to the Eluru Central Co-operative Bank, which operated in six out of the eight taluks in the district.

*Loan procedure*

Applications for loans received from members were considered at a meeting of the *panchayat* of the primary society and forwarded to the local supervising union. The Supervisor, an employee of the central bank on deputation with the union, then forwarded these to the central bank after scrutiny. The executive officer of the central bank, after scrutiny, placed these before the loan committee for sanction. The loans sanctioned by the committee were communicated to the societies concerned and to the supervising unions. The amounts were disbursed after the necessary documents were executed. In the loan applications (Appendix 5) submitted to the central bank, detailed information on the lines of application in use in Dharwar was not furnished.

*Loan policy*

The primary societies gave mainly three types of short-term loans, viz., (1) surety loans upto Rs 250 or Rs 500, depending upon by-laws of the society, (2) mortgage loans exceeding Rs 250 or Rs 500, and (3) pledge loans (Appendix 6). Medium-term loans for a period of one to three years were also advanced. The ratio of short-term, medium-term with a duration of one to three years and long-term loans with a duration of three to five years to be issued by the central bank was fixed at 5:3:1.

The maximum credit limits for loans varied with the type of societies as may be seen from the statement below:

MAXIMUM CREDIT LIMIT FOR A MEMBER

	Short-term loans Rs	Medium-term loans Rs.	Pledge loans Rs.	Proportion of loans to be invested in shares by a member
Primary credit society (other than large size society and rural bank)	250-1,000 <sup>1</sup>	500-1,000	1,000	1/10
Rural bank	1,000-2,000	1,000-2,000	1,000	From the date of joining the society: First year-1/8 Second year-1/7 Third year-1/6
Large size society	2,000 <sup>1</sup>	2,000 <sup>2</sup>	2,000	From the date on which the society started working: First year-1/10 Second year-1/9 Third year-1/8
Marketing society	—	—	2,000	1/20 to 1/100

<sup>1</sup>Loans upto Rs 500 were granted on a surety basis and those exceeding this limit were given against mortgage of immovable property.

<sup>2</sup>The limit was raised to Rs 3,000 for purchase of pumping sets.

The surety loans were issued against two sureties. The amount of surety loan was linked to the size of the borrowers' land-holding. For instance, an owner-cultivator was granted a surety loan at the rate of Rs 200 per acre; a tenant-cultivator was given a surety loan upto Rs 100. No loans in kind were granted by the credit societies in the district. Generally speaking, in the loan policy, so far as the mode of determining the quantum of loan was concerned, there was no difference between small size societies, and large size societies and rural banks, except in regard to the maximum limit on loans to an individual member.

Shares required to be held by a member also differed in different types of societies referred to in the statement above. The societies were required to invest at least one-tenth of their borrowings from the central bank in the shares of the central bank. The maximum borrowing power of a limited liability society was fixed at eight times its paid-up share capital plus reserve fund ; pledge loans were not to be included in the limit. Pledge loans were made available by the central bank both to credit and marketing societies.

There was no significant change in the loan policy of the central bank after the initiation of the pilot project in the district. The quantum of loan to a member continued to be determined in relation to the value of land and other assets owned by him; it had no relation to the estimated outlay on different crops grown by him. The procedure of creating a first charge in favour of the society, as obtaining in Bombay State, was not prevalent in the district. The loans sanctioned by the central bank were disbursed to the members by the societies in lump sum. Rules regarding disbursement of a part of the loan in kind were not laid down. The last date of repayment of loans was also not fixed in relation to the harvesting season for the different crops. Further, the primary credit societies supplied pledge finance; marketing societies which did not undertake marketing activities also gave pledge finance. Many features of the crop loan system were not incorporated in the loan policy of the Eluru Central Co-operative Bank.

#### 14.2.6 Ferozepur

As stated in Section 13.6, the district was served by three central co-operative banks, viz., (1) Ferozepur Central Co-operative Bank, (2) Moga Central Co-operative Bank and (3) Fazilka Central Co-operative Bank.

#### *Loan procedure*

In this district, as noted earlier, most of the primary societies were of the unlimited liability type.

The Sub-Inspector attached to the Co-operation Department assisted the societies in reviewing their maximum credit limits during his periodical visits. No detailed information regarding quantum of loan required, loan outstanding, value of owned assets, etc., for every member was included in the loan application

Applications submitted by the society to the central bank. Only general information as will be seen from Appendix 5, was sent by the primary societies to central banks. Hence, the central bank was not aware of the quantum of loan availed of by individual members. The credit limits for the societies asked for by the societies and recommended by the Sub-Inspector were approved by the Assistant Registrar who forwarded the application to the central bank. The Managing Committee of the central bank generally accepted the limits approved by the Assistant Registrar. The Manager or the Managing Director of the central bank sanctioned loans to societies within the limits fixed for them.

Towards the end of each of the two crop seasons of the year, the Sub-Inspector visited the societies in preparing a 'demand' (for recovery of loan) statement (Table 10) and the amounts recoverable from each member were determined.

#### *Loan policy*

In practice, the quantum of loan to a member of a primary society determined in a General Body meeting of the society was lower than the individual credit limit<sup>1</sup>. The credit limit was fixed (Appendix 6) on the basis of the land revenue paid and non-agricultural income earned by a member as indicated below:

- (1) Generally 30 times the Land revenue in the case of land owned and self-cultivated;
- (2) Generally 15 times the land revenue in the case of land owned but given for cultivation to or taken for cultivation from others; plus
  - (a) One-fourth of non-agricultural income; minus
  - (b) Interest payable on outside debts.

The quantum of loan to a member was subject to a maximum limit of Rs 1,000 as provided in the by-laws of a primary society. The loan was ordinarily disbursed in lump sum. The loan to a member was granted on surety basis i.e., against two sureties, and no mortgage of land was insisted upon. This enabled a tenant-cultivator also to avail of loans; but the quantum of loan admissible to him was only about one-half of that to an owner-cultivator.

All loans were given for a period of one year from the date of disbursement, but the amount due, as stated earlier, was estimated by the Sub-Inspector after each crop season. In practice, as some loans were not recovered before the end of the year these loans were, in effect, medium-term loans. In fact, no medium-term loans

<sup>1</sup> Details regarding the method of fixing maximum credit limits for the society as also for individuals are discussed in Section 16.2.5.

to members were permitted under the by-laws of the primary societies. However, medium-term loans were granted by central banks mostly to farming and other non-credit societies.

There was no significant difference in the loan policy of the central banks so far as large size and small size societies were concerned. But in view of the fact that large size societies were of limited liability type, their maximum credit limits were fixed in relation to share capital and reserves.

As the policy regarding scales of finance was laid down by the Co-operation Department in which were vested the powers to take decisions regarding fixation of credit limits for both members and societies, there was hardly any scope for initiative on the part of the central banks. The central banks were, therefore, not in a position to play the role ascribed to them in the Integrated Rural Credit Scheme.

#### 14.2.7 Etawah

##### *Loan procedure*

The primary society forwarded to the central bank through the Supervisor and Inspector an application (Appendix 5) giving the following particulars about each member: (1) Name, (2) Maximum credit limit fixed in accordance with the scales of finance linked to land revenue, (3) Normal credit limit not exceeding one-tenth of the working capital of the society or Rs 400 whichever be less, (4) Instalment due for repayment, (5) Names of sureties, (6) Amount of loans due to co-operatives, (7) Loan from society which was overdue, (8) Purpose of loan and (9) Loan amount sanctioned by the *panchayat*. The Supervisor, an employee of the Provincial Co-operative Union but under the administrative control of the central bank, scrutinized the particulars furnished in the application and forwarded it to the Inspector of the Co-operation Department. The Inspector forwarded the application to the central bank with his recommendations. The Executive Committee of the central bank considered it and sanctioned the credit limits on the basis of the recommendations made by the Department. Loans were advanced by the central bank within the limits sanctioned. In the Mahewa Rural Credit Project area, the loans were granted to the members of 21 societies directly by the Mahewa Block Development Union, which acted as the pay office, on the recommendation of the *Sarpanch* of the society.

##### *Loan policy*

In determining the credit limit of a member, emphasis was mainly on the value of land and not on the cash outlay on crops. A borrowing member was required to produce two sureties, in addition to the personal bond to be executed by him, at the time of taking a loan. Thus, though all loans were surety loans, they were far removed from the crop loan system recommended by the All-India Rural Credit Survey Committee. The scales of finance applicable to tenant-cultivators were different from those applicable to *bhumidhars* and *sirdars*.

The maximum credit limit for a member was (Appendix 6) fixed on the following basis:

1. Twenty times the land revenue in the case of *bhumidhari* land ;
2. Ten times the land revenue in the case of *sirdari* land ;
3. Five times the land revenue in the case of tenant-cultivated land plus one-third of the value of other assets plus one-tenth of non-agricultural income minus all outside debts.

The total of maximum credit limits of all the individual members of the society represented the maximum credit limit of the society. The normal credit limit was fixed by the central bank at about 75 per cent of the maximum credit limit which in any case did not exceed five times the value of the shares of the central bank held by the society.

In the area covered by the Mahewa Rural Credit Project, the maximum credit limit for a member in relation to the *bhumidhari* lands was calculated at 40 times the land revenue, instead of 20 times in the other area. Further, in the Mahewa Rural Credit Project area, the Mahewa Block Development Union acted as the pay-office of the Etawah Central Co-operative Bank, with which the Union had cash-credit arrangements. Cash-credit limits for each society were determined by the Mahewa Union and the societies could avail of funds, whenever required. In practice, however, it was observed that there was a tendency on the part of all the primary societies, except a few, to draw funds to the full extent of the cash-credit limits immediately after the limits were determined each year and disburse the loans to members in lump sum.

The maximum credit limit for loans to be granted to a member by a primary society was generally fixed at Rs 400. However, in several societies, as will be seen later, the Managing Committee fixed the maximum limit at a lower level, viz., Rs 300. Further, a member could get loans only upto five to eight times the value of shares held by him in the society. Besides, both at the level of the primary societies and the Inspector, there seemed to exist a large amount of arbitrariness in determination of quantum of loans to members. Thus, the loan applications from societies to central bank were not given as much importance as that given to normal credit statements in the districts of Bombay State. Due to these defects in loan policy, rules and procedures regarding determination of credit limits, the loan granted to a member more often than not bore no definite relation to his actual requirements.<sup>1</sup> It was reported that there was virtually a scramble in the primary societies at the time of apportioning the funds sanctioned to them by the central bank, and in this process, the Managing Committee members were often in a position to take arbitrary decisions regarding the quantum of loan to be actually advanced to each member.

<sup>1</sup> Vide Section 16.2.5 for a detailed discussion.

Loans were generally advanced to members in lump sum. The dates of repayment did not bear any relation to the harvesting periods of crops. Loans in kind were rarely granted by the co-operative societies in the district. In the absence of proper supervision by the Supervisors, who were employees of the provincial co-operative union but under the administrative control of the central bank, there was scope for utilization of loans for purposes other than those stipulated. In the Mahewa Rural Credit Project area, the conditions were reported to be relatively more unsatisfactory as there was no clear demarcation of functions of the Village Level Worker and the Supervisor.

#### 14.2.8. Mandsaur

##### *Loan procedure*

The primary societies in this district were predominantly of the unlimited liability type. The society submitted to the central bank its loan application together with a credit statement (Appendix 5) which gave such particulars regarding members as value of shares held, deposits, area of land owned and cultivated, loans outstanding, overdues, quantum of loan required, etc. It was observed that credit statements were not revised by the societies every year. An important point to be noted is that a group secretary, an employee of the central bank, had to attend to the work of (1) maintenance of accounts (2) preparation of loan applications and (3) effecting recovery in respect of about twenty societies under his charge, as many societies were without secretaries. Above the group secretaries, there were supervising officers, also appointed by the central banks who were in charge of supervision ; the central banks were entrusted with the duty of supervision. The loan application was usually prepared by the group secretary and forwarded to the central bank through the bank's supervising officer with his recommendations. The applications, after scrutiny at the central bank, were submitted to the loan sub-committee for its sanction. After the limits were sanctioned, the societies submitted demand statements, and the members of the Managing Committee and the group secretaries arranged to disburse the funds among the members.

##### *Loan policy*

The quantum of loan to a member of a primary society, which was generally for medium-term, was determined in relation to the land revenue paid by him. Quantum of loan to a member was not to exceed fifteen times the land revenue payable in the case of cultivators holding fifteen acres or less, and twenty times the land revenue in the case of cultivators holding more than fifteen acres. In practice, the loan did not exceed ten times the land revenue in many cases. The maximum credit limit for an individual ranged between Rs 500 and Rs 3,000. It is obvious that the quantum of loan did not bear any relation to the cash outlay on crops (Appendix 6). Loans advanced by the societies were generally for a period of two to five years, although the central bank specified the period as one year, and were disbursed in lump sum. Thus, the loan policy obtaining in the district was far removed from the crop loan system recommended by the All-India Rural Credit Survey Committee.





of twelve months. Fertilizer loans were given by the central banks to primary societies on an indent basis, but the rules and arrangements regarding quantum and allocation of loans between different members appeared to be vague. Medium-term loans, popularly known as 'bullock loans', were for a duration of three to five years. Whereas short-term and medium-term loans were generally issued in lump sum by the central banks, fertilizer loans were issued in instalments to suit the convenience of the borrowers. Dates of repayment of the short-term loans were not fixed in relation to the harvesting period of different crops.

The quantum of loan to a member was not to exceed 50 per cent of the value of land owned by a member, subject to the maximum of Rs 1,000. The tenants were entitled to cash loans against sureties to the maximum of Rs 100 and fertilizer loans upto Rs 125. Loans upto Rs 100 were given against sureties, and those exceeding Rs 100 were given only against mortgage of land (Appendix 6). The society with limited liability could borrow from the central bank upto the limit of ten times its owned funds. It was apparent that the main consideration in determining the quantum of loan was the value of land owned by a member and not the estimated cash outlay on crops.

The central banks, because of their weak financial position and legacy of trading activities under the *Credit Agricole* Scheme, did not play the role ascribed to them in the Integrated Rural Credit Scheme.

#### 14.2.10 Nadia

##### *Loan procedure*

The loan procedure and policy followed by the two central banks in the district were generally similar. A primary society prepared a loan application (Appendix 5) in the prescribed form, which provided for such details as the amount of loan required by each member, area of land offered by the member as security, value of land, outstanding debt, etc. The application was then scrutinized by the central bank's Supervisor and forwarded to the central bank for consideration. After further scrutiny by the bank, it was forwarded to the Inspector of the Co-operation Department for his recommendation. On receipt of his recommendation, the central bank provisionally sanctioned the credit limit. On the basis of the limits sanctioned for individual societies, a consolidated statement showing the total requirements of all primary societies to be financed by it was prepared which was subsequently forwarded to the Assistant Registrar of Co-operative Societies together with the individual statements received from the primary societies. The Assistant Registrar made his recommendations thereon and forwarded all the papers to the state co-operative bank which finally sanctioned the loans. This procedure obviously resulted in considerable delay in sanctioning of loans.

##### *Loan policy*

The crop loan policy of the central banks was framed according to the rules laid down by the State Government for the issue of crop loans (Appendix 6). The rules in

order in 1956" stipulated a maximum limit of Rs 250 for crop loans to a member which was subsequently raised to Rs 350. Subject to this limit, loans were sanctioned to members on the basis of the recommendations made by the Assistant Registrar. The state co-operative bank could reduce the loan limit recommended by the Assistant Registrar, but on no account could it issue a loan in excess of this limit.

The main basis for determination of the quantum of loan was the value of land owned by the member and not outlay on crops. According to the by-laws, loans upto Rs 25 (and with prior approval of Assistant Registrar upto Rs 50) were given against savings; loans exceeding this limit were given against mortgage of land. Loans were usually given upto 50 per cent of the value of land offered as security.

The crop loan rules laid down by the State Government did not apply to medium-term and consumption loans issued by the central banks from their owned funds. The maximum limits for these loans were laid down in the by-laws of the primary societies but these were too inadequate to meet the requirements of members. For instance, in some societies, the limit was fixed at Rs 100 for medium-term loans.

Societies which defaulted repayment beyond a certain limit were not eligible for fresh loans. The crop loans were given for a period of twelve months and were issued in cash and in lump sum. Loans were generally given against mortgage of land. Though the rules laid down that the borrowing members should sell their produce through their societies, the condition was not being enforced by the societies. The recovery of loans, particularly the crop loans, was virtually the responsibility of the Co-operation Department.

The maximum borrowing power of an unlimited liability type society was determined in relation to the assets of its members; that of a multi-purpose limited liability type society was fixed at ten times the paid-up share capital plus reserves; in a large size society it was fixed at twenty times. A member had to invest one-tenth of his borrowings in the shares of the primary society with limited liability, which, in turn, was required to invest at least one-tenth of its borrowings in the shares of the central bank.

It would appear from the foregoing discussion that the loan procedure obtaining in the district was lengthy and protracted and the central banks had very little say in matters relating to determination of credit limits for individuals. The degree of departmental control was greater in this district than in Gaya. Though the loans given by primary societies were termed as crop loans, these had little resemblance to the crop loans of Bombay State.

#### 14.2.11 Bikaner

The Central Co-operative Bank Ltd., Bikaner, organized in May 1951, had jurisdiction over two districts, viz., Bikaner and Churu. As at the end of June 1957, 9 weavers societies, 13 non-agricultural societies, 1 sheep breeding society and 73

individuals from Bikaner district were members of the central bank. The loans advanced by the central bank during 1956-7 were made out of funds received from the Community Projects Administration. The procedure and policy followed in regard to these loans are discussed later<sup>1</sup>.

### 14.3 LOAN OPERATIONS

#### 14.3.1 Volume

Loans advanced by central banks during 1956-7 exceeded Rs 2 crores in Broach, East Khandesh, Dharwar, Coimbatore and West Godavari (Eluru Central Co-operative Bank). In all other central banks, the total amount advanced was less than Rs 30 lakhs; it was even less than Rs 2 lakhs in three out of four central banks from Gaya.

Loans advanced per 100 rural cultivating families in Broach were more than twice as large as those in West Godavari and Dharwar, three times those in Coimbatore and about ten times those in Ferozepur (Table 14.7). The level of advances in Gaya, Nadia and Bikaner was extremely low.

TABLE 14.7—LEVEL OF ADVANCES BY CENTRAL BANKS

	Percentage increase in advances during 1954-5 and 1956-7	LOANS ADVANCED DURING THE YEAR PER HUNDRED RURAL CULTIVATING FAMILIES	
		1954-5 (Rs)	1956-7 (Rs)
Broach ..	127	19,740	43,980
East Khandesh ..	..	..	39,064
Dharwar ..	98	9,527	18,525
West Godavari ..	233	6,285 <sup>1</sup>	20,528 <sup>1</sup>
Coimbatore ..	56	8,802	13,427
Ferozepur ..	65	2,749	4,502
Etawah ..	51	1,039	1,540
Mandsaur ..	261	1,012	3,562
Gaya ..	7	156	164
Nadia ..	50	669	993
Bikaner ..	— <sup>2</sup>	—	14 <sup>2</sup>

<sup>1</sup>Exclusive of loans advanced by Krishna and Rajahmundry Central Co-operative Banks.

<sup>2</sup>Inclusive of loans advanced in Churu district.

<sup>3</sup>No advances granted in 1954-5.

<sup>1</sup> See Appendix 3 "Wool Production and Marketing Finance in Bikaner District."

TABLE 14.8—ADVANCES BY CENTRAL BANKS TO  
VARIOUS TYPES OF SOCIETIES : 1956-7

		PROPORTION OF ADVANCES TO TOTAL ADVANCES (Per cent)							Total advan- ces du- ring the year (In lakhs of rupees)
		AGRICULTURAL CRED- IT SOCIETIES			MARKETING SOCIETIES		Other socie- ties	Indi- vi- duals	
		Short- term	Medi- um- term and long- term	Cash- credi- ts, over- drafts, bills and hundis dis- coun- ted	Total of short- term, medi- um- term and long- term advan- ces	Cash credi- ts, over- drafts, and bills and hundis dis- coun- ted			
		1	2	3	4	5	6	7	8
Broach C. C. Bank		37	—	21	3	34	2	3	317.94
East Khandesh C. C. Bank		30	—	29	—	—	—	41	505.28 <sup>1</sup>
Dharwar : Karnatak C. C. Bank		54	7	1	—	12	4	22	257.25
Coimbatore C. C. Bank		16	14	1	1	2	66	1	326.42
West Godavari : Eluru C. C. Bank		64	2	4	22	5	2	2	235.86
Ferozepur :									
Ferozepur C. C. Bank		62	—	—	19	—	16	3	27.77
Moga C. C. Bank		95	—	—	2	—	2	1	27.36
Fazilka C. C. Bank		94	5	—	—	—	—	1	9.45
Total		81	1	—	9	—	8	2	64.58
Etawah C. C. Bank		90	—	—	5	—	5	—	22.97
Mandsaur :									
Mandsaur C. C. Bank		7	87	—	2	—	4	—	16.45
Neemuch C. C. Bank		2 <sup>2</sup>	56	—	—	—	—	43	14.34
Total		4	73	—	1	—	2	20	30.79
Gaya :									
Jahanabad C. C. Bank		73	26	—	1	—	—	—	0.82
Aurangabad C. C. Bank		85	15	—	—	—	—	—	1.40
Nawadah C. C. Bank		43	57	—	—	—	—	—	0.71
Gaya Sadar C. C. Bank		89	9	—	—	—	3	—	2.59
Total		80	19	—	—	—	1	—	5.51
Nadia :									
Nadia C. C. Bank		100	—	—	—	—	—	—	7.10
Ranaghat C. C. Bank		100	—	—	—	—	—	—	3.05
Total		100	—	—	—	—	—	—	10.14
Bikaner C. C. Bank		—	—	—	—	—	100	—	0.15

<sup>1</sup>Data regarding loans and advances to marketing societies, farming societies and societies other than agricultural credit societies are not separately available.<sup>2</sup>Includes data in respect of urban credit societies.

In Broach, West Godavari and Mandasaur, advances granted by the central banks more than doubled between 1954-5 and 1956-7. In the remaining districts, with the exception of Gaya, advances increased by more than 50 per cent. A sizeable portion of the increase in advances in Ferozepur was on account of advances granted to other types of societies such as transport societies, farming societies, etc.

#### 14.3.2 Loans to different types of societies

Of the total loans advanced, advances to individuals accounted for 41 per cent, 22 per cent and 43 per cent in East Khandesh Central Co-operative Bank, the Karnatak Central Co-operative Bank, Dharwar, and Neemuch Central Co-operative Bank, Mandasaur, respectively (Table 14.8). Further, in Dharwar a substantial portion of the cash-credit granted to marketing societies was availed of by individuals and traders in the form of purchasers' dues<sup>1</sup> which amounted to Rs 28.71 lakhs at the end of June, 1957.

Loans to societies other than agricultural societies such as consumers' and weavers' societies were made on a sizeable scale only in Coimbatore. Large amounts were advanced to marketing societies in Broach, West Godavari, Ferozepur and Dharwar. Further, loans against pledge of produce and marketing finance (shown against cash-credits, overdrafts and bills discounted) constituted a significant portion of the total advances to marketing societies in Broach and Dharwar. In Dharwar, however, the central bank did not give accommodation for crop loans to marketing societies and the extent of accommodation given to credit societies for purposes of providing pledge loans was negligible. The loans reported to have been advanced for short-term purposes to marketing societies in some districts were mainly for undertaking distribution or marketing activities. In Broach and West Godavari, accommodation was given by central banks to agricultural credit societies for granting pledge advances. Accommodation for pledge finance was not given by central banks to primary credit societies in Etawah, Ferozepur, Mandasaur, Gaya, Nadia and Bikaner.

In Broach, East Khandesh, Dharwar, West Godavari, Ferozepur, Etawah, Gaya and Nadia, short-term loans accounted for nearly 90 per cent of the total loans (excluding cash-credits, etc.) to agricultural credit societies; in Mandasaur, medium-term loans constituted about 94 per cent of the total loans advanced. In Coimbatore, medium-term loans<sup>2</sup> constituted 45 per cent of the total loans to agricultural credit societies; in West Godavari the corresponding proportion was 2<sup>3</sup> per cent. In Gaya, medium-term loans, called 'bullock loans', formed nearly 19 per cent of the total. In Ferozepur, though no medium-term loans as such were granted, short-term loans were allowed to run for a period of more than one

<sup>1</sup>The way in which marketing finance was used by marketing societies to extend trade credit is discussed in detail in Section 17.5.4.

<sup>2</sup>In Coimbatore and West Godavari, the Co-operation Department had stipulated the ratio of short-term, medium-term and long-term loans at 4 : 4 : 2 and 5 : 3 : 1, respectively.

<sup>3</sup>Eluru Central Co-operative Bank.

year under the system of estimating 'demand' for recovery of loans (*Kistbandi*). Central banks did not give any long-term loans during 1956-7 except on a small scale in Broach.

### 14.3.3 Security

Promissory notes constituted the most important form of security in all the districts (Appendix Table 14.7), except Nadia where mortgage of land was the chief form of security. Proportion of amounts advanced against the security of agricultural produce was relatively high at 31 per cent, 11 per cent, 10 per cent and 8 per cent in West Godavari, Dharwar, Broach and East Khandesh, respectively. Loans against fixed deposits were reported in East Khandesh, Dharwar, Coimbatore, West Godavari and Ferozepur, loans against gold and silver, discounting of *hundis*, etc., were reported in Broach, East Khandesh and Dharwar.

### 14.3.4 Interest rates

Data regarding loans granted by credit agencies at different levels, namely, the Reserve Bank of India, central banks and agricultural credit societies are given in Appendix Table 14.8. The funds obtained from the Reserve Bank of India constituted a significant proportion of the loans granted by the central banks to agricultural credit societies at 69 per cent, 44 per cent, 54 per cent, and 48 per cent, in Broach, Dharwar, Ferozepur and West Godavari, respectively. A classification of borrowings and advances of central banks according to the rate of interest is given in Appendix Tables 14.9 and 14.10. Most of the funds were obtained by the central banks at interest rates varying between 2 per cent and 5 per cent per annum. While in Broach, Dharwar, Coimbatore, West Godavari and Ferozepur, a major portion of the borrowed funds was at rates of interest between 2 per cent and 3 per cent, in the other districts it was obtained at interest rates between 3 per cent and 4 per cent.

The rates of interest charged on advances by central banks varied between 4 per cent and  $7\frac{1}{2}$  per cent per annum. A major portion of the advances was made at interest rates varying between 4 per cent and 7 per cent in all districts, except Mandsaur where the central banks lent generally at  $7\frac{1}{2}$  per cent. In Broach, East Khandesh and West Godavari, the central banks lent generally at interest rates not exceeding 5 per cent. In Dharwar and Coimbatore, the most usual rate of interest was between  $4\frac{1}{2}$  per cent and  $6\frac{1}{4}$  per cent.

Whereas the central banks obtained their funds generally at rate of interest below 3 per cent in Broach, Dharwar, East Khandesh, Coimbatore and West Godavari, the usual lending rate of interest was 4 per cent in Broach,  $4\frac{1}{2}$  per cent in West Godavari and  $4\frac{1}{2}$  to 5 per cent in East Khandesh and 5 per cent in Coimbatore (Appendix Table 14.11). In the remaining districts the usual lending rates were 5 per cent to  $7\frac{1}{2}$  per cent. The rate of interest charged by primary societies was the lowest at  $6\frac{1}{4}$  per cent in Broach and was the highest at  $9\frac{3}{8}$  per cent in Ferozepur

<sup>1</sup>Eluru Central Co-operative Bank.

and  $7\frac{1}{2}$  to  $10\frac{15}{16}$  per cent in Nadia. It may also be seen that the levels of interest rates were comparatively higher in Mandsaur and Etawah.

#### 14.3.5 Overdues

The proportion of overdues to total outstandings (Appendix Table 14.12) was 79 per cent in Nadia, 69 per cent in Gaya, 46 per cent in Etawah, 27 per cent in Ferozepur, 19 per cent in Dharwar and 13 per cent in East Khandesh. In other districts, overdues constituted less than 10 per cent of the total outstandings. As regards individual central banks, the position was far from satisfactory in all the central banks in Gaya, Nadia and Etawah.

### 14.4 MANAGEMENT

A study of figures regarding the cost of management of central banks as a proportion of their working capital and advances (Appendix Table 14.13) indicates that the cost was fairly high in relation to advances in the Mandsaur, Jahanabad, Nawadah and Gaya Sadar Central Co-operative Banks and in relation to working capital in Mandsaur, Neemuch and Gaya Sadar Central Co-operative Banks. The cost of management in the Gaya Sadar Central Co-operative Bank was very high in relation to both advances and working capital.

A study of the composition of board of directors of the central banks indicates predominance of individuals in some central banks (Appendix Table 14.14). In Etawah and Nadia Central Co-operative Banks, societies and individuals had equal representation on the boards of directors. The extent to which individuals dominated the central banks cannot, however, be judged on the basis of relative representation given to individuals and societies. In one central co-operative bank, though only one-fourth of the directors represented individuals, individual members were able to influence the policy of the bank in the interests of traders and urban residents to a considerable extent.<sup>1</sup>

Though eight central banks had received State contribution to their share capital, the position regarding State nominees was slightly different. In Broach which had received State contribution to share capital, a nominee of the state co-operative bank was appointed, but till June 1957 the central bank had not amended its by-laws for appointment of State nominees. In East Khandesh, the central bank had received State contribution to share capital and State nominees on its board of directors were also appointed. Though the Eluru central bank had received State contribution to share capital, the by-laws of the central bank did

<sup>1</sup>In this district, the chairman of the central bank actively arranged for giving finance directly to traders in the first instance and subsequently in the form of 'trade credit' through marketing societies. Even demand bills were used for giving accommodation to traders. The chairman was also the chairman of a marketing co-operative which had branches in many marketing centres; many members on the Managing Committees of these branches, who were nominated by the chairman, were traders. The chairman and his colleagues also informally asked the Bank Inspector not to press for recovery of loans from those societies which were supporting the chairman in contests for election to the board of directors of the central bank. The chairman was also opposed to State participation in the co-operatives.

not provide for the appointment of State nominees. In Ferozepur, all the three central banks had received State contribution to share capital but only in the case of the Fazilka Central Co-operative Bank, the State had nominated members on the board of directors. In Mandsaur, the Mandsaur Central Co-operative Bank had received State contribution to share capital but both the Mandsaur and Neemuch Central Banks had Government officials on their boards, as their by-laws provided for the appointment of the District Collector/Tahsildar as the *ex-officio* chairman and two and three members as nominees of the State Government, respectively. In central banks in Etawah and Gaya, although there was no State contribution to share capital, officials of the State Governments were on the boards. In Nadia, there was no State contribution to share capital of the central bank; although the by-laws provided for nomination of members on the board by the Registrar, there were no such nominees.

#### 14.5 GENERAL OBSERVATIONS

Broadly speaking, the central banks in Broach, Dharwar, East Khandesh, Mandsaur, Coimbatore and West Godavari belonged to a category where the Co-operation Department had no direct hand in sanctioning credit limits to primary credit societies. In Coimbatore, West Godavari and Mandsaur, Supervisors of central banks scrutinized the loan applications and forwarded these to the central banks for necessary sanction, and thus the departmental officials did not come into the picture. In Broach, Dharwar and East Khandesh, the loan applications were scrutinized by the Supervisor, who was a Government employee on deputation with the supervising union, but the Co-operation Department itself had little voice in fixing the quantum of loans.

The central banks in Etawah, Nadia, Gaya, Bikaner and Ferozepur belonged to the second category, where the Co-operation Department had a decisive role in determining the quantum of loans to primary societies and/or members. In Ferozepur, Etawah and Nadia, the Inspector of the Co-operation Department scrutinized the loan application. In Ferozepur the credit limits of members as also of primary societies were virtually determined by the Sub-Inspectors. In Nadia, the loan applications passed through the staff of the Co-operation Department and the Assistant Registrar at various stages before they were sanctioned by the state co-operative bank. In Gaya, the loan applications were scrutinized by the Supervisors and Inspectors, who were departmental officials, on deputation with the central banks.

In Broach, East Khandesh and Dharwar, though the functions relating to financial inspection remained with the central banks, the position regarding inspection and supervision was slightly anomalous as is revealed by the following extract from the note prepared by the Broach Central Co-operative Bank :

“While disbursing loans, the agents of the branches scrutinize the demand statements with the normal credit statement and allow loan operations. As Government has undertaken the responsibility of supervision, the duty of checking the



utilization of loan for the purposes for which they are sanctioned is generally left to the supervisors. However, the bank inspectors are required to verify disbursement and utilization of a few loans at the time of their inspections and in case of misuse, the credit of the society is suspended and the conduct brought to the notice of the Assistant Registrar for suitable action."

The Supervisors, over-burdened as they were with other functions such as preparation of statistical statements for the Co-operation Department, keeping up-to-date the accounts of societies numbering more than what could be adequately managed by one Supervisor, found little time for supervision. In Ferozepur, Bikaner and Gaya, supervision of primary credit societies was done by officials appointed by the Co-operation Department, while in Mandsaur, West Godavari, Coimbatore and Nadia, the function was entrusted to the officials of the central banks. In Etawah, supervision was the responsibility of the provincial co-operative union which was an independent body.

The policy governing the issue of loans (Appendix 6) by central banks and primary societies in the selected districts may be studied from the point of view of (1) quantum and security, (2) period and (3) purpose. The quantum of loan granted to a member was determined in relation, directly or indirectly, to a number of factors. These were:

- (1) maximum limit for an individual loan fixed by the Registrar and/or the central bank and/or the primary society,
- (2) maximum borrowing power of the society,
- (3) shares of primary societies held by the borrowing member,
- (4) shares of the central bank held by the borrowing primary society,
- (5) value of land owned by the borrowing member or by those who stood surety, and
- (6) area under different crops (only in Dharwar and East Khandesh) and cultivated area (in Broach).

In Broach, Dharwar and East Khandesh, the loan policy was formulated by the Field Workers' Conference. In West Godavari, Coimbatore and Mandsaur, the loan policy was formulated by the central banks. In almost all the remaining districts, the loan policy was practically formulated by the Co-operation Department of the State Government.

The loan policy of primary credit societies was reoriented in those districts, especially, Broach, East Khandesh and Dharwar, where the pilot project of the

Integrated Rural Credit Scheme was introduced in 1955-6. Under the new policy the emphasis was shifted from the value of land to the estimated outlay on crops.

The loans granted by primary credit societies in the selected districts were mainly of two categories, namely, short-term and medium-term. In Mandsaur, Gaya, and Coimbatore, medium-term loans were predominant. In Ferozepur, where the 'demand' (for recovery of loans) was estimated after each harvest by the officials of the Co-operation Department, short-term loans were allowed to remain outstanding for more than a year so that the short-term loans, in effect, became medium-term. In the other districts, short-term loans were generally repayable within twelve months.

Perhaps the most important feature revealed by the study of loan procedures obtaining in the selected districts was that the loan applications (normal credit statements in Bombay State) were not treated with the necessary seriousness and importance which is implicitly ascribed to them in the crop loan system which is an integral part of the Integrated Rural Credit Scheme. Details regarding the type of information in respect of each of the members which were ordinarily included in the loan applications are given separately for each district in Appendix 5.

It will be observed that the prescribed loan applications fell far short of the standards recommended in the Crop Loan Evaluation Committee Report<sup>1</sup>. In Mandsaur, only the necessary information in respect of members who intended to borrow during the year was given. Further, in Ferozepur even the details in respect of each member were not supplied to the central bank. Thus, the following observation of the Crop Loan Evaluation Committee in respect of Bombay State applied with greater force to many districts "... (The) normal credit statements are not at present uniformly treated with necessary seriousness. We are convinced that unless at both the society's and the central financing agencies' end the normal credit statement is accorded the importance of a vital and authoritative credit document an essential link in crop loan procedure would be found to be too weak to support its weight. Such weakness... would be fatal to the strength of the whole system of crop loan." (p.58)

The purposes for which short-term loans were given were mostly those connected with crop production, though in Etawah these were mainly for purchase of cattle. In West Godavari, Broach and Dharwar, loans granted against pledge of produce formed a fairly high proportion of the short-term loans. Loans to individuals formed a significant proportion of the total loans in East Khandesh, Dharwar and Mandsaur. Loans to non-agricultural societies were sizeable in Coimbatore and Ferozepur. Loans in kind were not given on any significant scale, except in Gaya where they were granted in the form of fertilizers under the *Credit Agricole* Scheme. In Broach and Dharwar, there was an element of compulsion attached to loans in kind, as the borrower had to take at least a portion of the total loans sanctioned to him in kind. Consumption loans were in vogue in a few societies in Coimbatore, Broach and Dharwar.

<sup>1</sup> Report of the Crop Loan Evaluation Committee: The Bombay State Co-operative Bank Ltd., pp. 57-8 and Appendix 5.

The state of management of the central banks generally left much to be desired. In some districts the representation given to individuals on the board of management was unduly high as compared to that given to societies. Further, in many central banks there was no provision in the by-laws for appointment of State nominees. In some central banks, though there was such provision, State nominees were not appointed. In some districts the practice was to appoint on the board of management of the central bank a Government official (the Collector or the Magistrate or the Sub-Divisional Officer) as chairman; he was, in practice, merely a nominal head of the institution<sup>1</sup>. It was also observed that the management of some of the central banks was dominated by vested interests representing traders and merchants.

From the foregoing discussion it will be seen that the performance of many central banks was not very satisfactory. However, in some districts, as for instance, in Broach where the crop loan system was in force, the central bank performed its pivotal role satisfactorily. In Broach, there was considerable reorganization of the primary structure and the performance of the central bank was of a high standard. Secondly, in districts such as Ferozepur, Gaya and Nadia where the primary credit structure continued to be weak and the central bank had little initiative left because of improper allocation of functions regarding inspection and supervision, the performance of central banks was very unsatisfactory. There was the third category of central banks where domination by traders and individuals was seriously preventing a rapid development of the co-operative credit structure. In the fourth category of districts, as for instance, Coimbatore and West Godavari, there were strong central banks and a relatively sound supervisory machinery, but the loan policy of the central banks fell short of the crop loan system envisaged in the Integrated Rural Credit Scheme. That the rate of development of credit and marketing co-operatives was greater in those districts where the central banks were satisfactorily performing the role ascribed to them in the Integrated Rural Credit Scheme would be observed in the following Chapters.

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<sup>1</sup> In some districts, particularly from some of the northern States, the chairman of the central bank was a senior official of the Revenue Department. In many instances, the chairman did not attend the meetings and rarely took active interest in evolving the loan policy of the bank. This type of arrangement was obviously not in accordance with the type of State participation in co-operatives envisaged in the Integrated Rural Credit Scheme.

## CHAPTER 15

### PRIMARY CO-OPERATIVE CREDIT SOCIETIES

In this and the following chapter, it is proposed to review the progress of the primary agricultural credit societies, to study their working in detail and to assess their performance. The discussion is based on the following five sets of data; (1) the consolidated statistical statements data compiled in the Assistant Registrar's Offices for purposes of the "Statistical Statements relating to the Co-operative Movement in India" published by the Reserve Bank of India, hereafter referred to as consolidated statistical statements data or CSS data; (2) the data collected in respect of each of about 200 societies in a district through the Intensive Supply Schedule No. 1 from the registers regarding consolidated statistical statements maintained in the district offices of the Co-operation Department, hereafter referred to as ISS (1) data; (3) the data on the working of a sample of about sixteen societies collected through the General Supply Schedule No. 1 and a memorandum, hereafter referred to as GSS (1) data; (4) the data collected through the Intensive Supply Schedule No. 2 which was canvassed to a selected number of members of each of the selected societies, hereafter referred to as ISS (2) data; and (5) the data collected in the Listing Schedule and the General Demand Schedule No. 1 canvassed in the villages selected for the demand-side investigation.

The consolidated statistical statements give data for all the primary agricultural credit societies in the district as a whole and data are not available separately either for small and large size societies or for working and dormant societies. Further, as the size of the district in terms of number of cultivating families residing varies considerably, the aggregate figures, by themselves, are not comparable. For purposes of comparison, however, some figures are presented either as values per society or per member or per 100 rural cultivating<sup>1</sup> families. The ISS (1) data, which are based on a sample of about 200 societies<sup>2</sup>, are presented in terms of averages per society or per member separately for large and small size societies; but it may be noted that a comparison between large and small size societies on the basis of these data alone is not valid, particularly in the case of Ferozepur, Mandsaur, Gaya and Nadia, as the number of large size societies studied in these districts was small.

GSS (1) data are presented either in the form of frequency distribution or of averages for the working societies in the villages selected for demand-side investigation, or for all the selected working societies inclusive of those purposively selected. Ordinarily, data for individual societies are discussed, as the district averages cannot be said to be fully representative of the societies in the district. Data on some important

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<sup>1</sup>Number of rural cultivating families in the district was estimated on the basis of 1951 census data; the values were arrived at by a simple division of the aggregate for the district by the estimated number of rural cultivating families; rural cultivating families are so defined as to include only "cultivators of land wholly or mainly owned" and "cultivators of land wholly or mainly unowned" residing in the rural areas.

<sup>2</sup>Include dormant societies also.

items are presented society-wise in the appendix to this Report—Appendix Tables 15.1 to 15.10. These tables do not give the names of individual societies but the societies are referred to by code numbers.

ISS (2) data are presented either in the form of frequency distribution or as averages for all the selected members of the selected societies (including dormant societies) in the villages selected for demand-side investigation or for members of all the selected societies. It cannot always be said that the averages based on ISS (2) data are fully representative of the society under study or of the societies in the district as a whole. Because of the limitation of the method of selection of members as also because of the purposive selection of some societies, while making any inter-district or inter-society comparison, the data need to be used with caution.

The Listing Schedule data and the General Demand Schedule data are generally presented in the form of district averages.

As no agricultural credit society was reported to be operating in Bikaner district during 1956-7, no reference is made to this district in the following discussion.

### 15.1 COVERAGE

The coverage of the Co-operative Movement in a district may be indicated in terms of (1) the proportion of villages covered by co-operatives, (2) the proportion of cultivating families which were members of co-operatives and (3) the proportion of cultivating families borrowing from co-operatives. Data in respect of these three indicators for the selected districts are presented in Table 15.1.

The proportion of villages covered by primary societies exceeded 50 per cent in all the selected districts, except Gaya where it was 33 per cent. The proportion was 52 per cent in Mandsaur and was as high as 100 per cent in Dharwar and West Godavari (pilot project area). These figures are based on district aggregates. As the extent of co-operative development varies from one area to another in the same district, the figures for those districts in which all the villages are not covered by co-operatives do not always indicate the correct position. For instance, in Dediapada and Sagbara taluks of Broach district which are inhabited by *adivasis*, there were only a few primary societies. Further, it was observed that in some districts the co-operative marketing societies also provided short-term production credit. To the extent this practice was prevalent, the number of villages which were provided with facilities for short-term finance from co-operatives was higher than that indicated by the proportion of villages covered by agricultural credit societies.

It is very difficult to have a precise estimate of the proportion of cultivating families brought within the co-operative fold for the following reasons. Firstly, it is difficult to estimate the actual number of cultivating families in a district, as much would depend on the adopted definition of the terms 'rural' and 'urban'. Secondly, there is no precise estimate of the total number of cultivating families as in 1956-7.

TABLE 15.1—SPREAD OF MEMBERSHIP

	CONSOLIDATED STATISTICAL STATEMENTS DATA (AGRICULTURAL CREDIT SOCIETIES)				LISTING SCHE- DULE DATA	GDS (1) DATA	GSS (1) DATA
	Proportion of villages covered by co- operatives (1956-7)  (Per cent)	Number of mem- bers per 100 rural families (1956-7) <sup>1</sup>	Number of mem- bers per 100 rural cultivating families (1956-7)	Increase in mem- bership in 1956-7 over 1954-5  (Per cent)	Proportion of culti- vating families which were members of co-oper- atives (1956-7) (Per cent)	Proportion of culti- vating families borrowing from co- operatives (1956-7) (Per cent)	Number of mem- bers per 100 culti- vating families in the juris- diction of selected credit societies <sup>2</sup> (1956-7)
	1	2	3	4	5	6	7
Broach	84	23	39	21	34	25	29
East Khandesh	99	38	62	16	41	34	56
Dharwar	100	41	66	23	42	11	57
Coimbatore	89	14	36	.. <sup>3</sup>	23	6	45
West Godavari	100 <sup>5</sup>	53	114 <sup>4</sup>	106	29	23	75
Ferozepur	68	22	32	25	21	9	43
Etawah	68	22	27	51	26	14	44
Mandsaur	52	14	20	28	24	10	32
Gaya	33	8 <sup>6</sup>	12 <sup>6</sup>	7 <sup>7</sup>	10	—	18
Nadia	88	12	24	30	15	0.5	38

<sup>1</sup>Refers to estimates for 1956-7 based on 1951 Census data and includes rural non-cultivating families i.e. 'non-cultivating landowners', 'cultivating labourers' and 'artisans and others.'

<sup>2</sup>Computed only for those villages for which population figures are available in the Census Hand Books.

<sup>3</sup>Comparable data are not available consequent on the transfer of jaggery societies from the Co-operation Department to the Industries Department and also due to the transfer of Kollegal taluk to Mysore State.

<sup>4</sup>Exceeds 100, because of the exclusion of "cultivating labourers" residing in the rural areas and agriculturists residing in the urban areas from the estimates of rural cultivating families.

<sup>5</sup>Relates to Pilot Project area only.

<sup>6</sup>Membership data relate to 1,413 societies as against 1,504 societies in the district as at the end of June 1957.

<sup>7</sup>Based on the membership data of 1,277 and 1,413 societies as against 1,355 and 1,504 societies, respectively, as at the end of 1954-5 and 1956-7.

If there was a significant change in the ownership pattern or for that matter, if in certain areas absentee landowners predominated over owner-cultivators even within the co-operative sector, the estimate of proportion of cultivators brought within the fold of co-operatives would vary. There is another difficulty arising out of the use of district aggregates. It is likely that more than one person from a cultivator's family had become members of co-operatives.

The proportion of families covered by co-operatives also needs to be studied in the context of the broad objectives set out. For instance, in Bombay, in accordance with the policy statement issued by the Bombay State Co-operative Bank at the

time of reorientation of the co-operative credit structure in 1949,<sup>1</sup> the object was to meet the credit needs of all agriculturists (i.e., owner-cultivators and tenant-cultivators) which did not necessarily include landless labourers. On the other hand, in Andhra Pradesh (West Godavari), landless labourers were also financed by co-operatives. But as details regarding number of cultivator-members as distinct from non-cultivator members are not available, number of members of co-operative societies per 100 rural cultivating families sometimes exceeds 100, obviously because a large number of rural landless labourers and/or non-cultivating land owners from rural as also urban areas were members of co-operatives. These variations also make it difficult to use the figures regarding coverage for inter-district comparison.

In the available data, an important limitation would also arise, because the definition of the term 'cultivator' as used for the Survey, was not identical with the Census definition, and hence, the estimates regarding membership of cultivating families would not be strictly comparable. Thus, the estimates of the proportion of cultivators brought within the fold of co-operatives show some variations. Subject to the limitations stated above it may be said that the proportion of cultivators brought within the fold of co-operatives did not exceed 42 per cent in any of the selected districts (column 5 of Table 15.1). The proportion was more than 30 per cent in Dharwar, East Khandesh and Broach and less than 20 per cent in Gaya and Nadia. In the remaining districts, it ranged between 20 per cent and 30 per cent.

Membership of co-operatives in the three years from 1954-5 to 1956-7, as could be judged from column 4 of Table 15.1, increased in all the selected districts. The order of increase, in terms of percentages, was the highest in West Godavari (106 per cent) and the lowest in Gaya (7 per cent). In other districts, it ranged between 16 per cent and 51 per cent.

#### 15.1.1 Composition of membership

Distribution of membership according to the land ownership status of members of co-operatives is indicated in Table 15.2.

Generally speaking, a relatively larger proportion of owner-cultivators as compared to tenant-cultivators joined the co-operatives. Proportion of tenants who were members of co-operatives varied between 4 per cent and 24 per cent. In Etawah, for instance, where 60 per cent of cultivators were tenants (including *sirdars*), only 21 per cent were members of co-operatives. Thus, tenants were being brought within the fold of the Co-operative Movement but much leeway was to be made even in districts such as Broach.<sup>2</sup>

<sup>1</sup>The policy statement indicated that "persons owning lands of their own or who cultivate agricultural lands either as owners or tenants or both including restricted tenure lands, lands in possessory mortgage and lands given for maintenance and who are entitled to the produce or proceeds thereof, were eligible for agricultural finance."

<sup>2</sup>The financing of tenants by co-operatives was not on as large a scale as one would expect under a well-implemented crop loan system. But this inadequacy was not so much perhaps because of the defects in the loan policy of the central co-operative bank as due to the state of flux in the pattern of ownership resulting from the "land to the tillers" legislation introduced in 1956, and the consequent disputes between the landlords and tenants with regard to ownership rights in land. Perhaps with the stabilization of the position after the settlement of disputes, the progress with regard to financing of tenants would be of a higher order.

TABLE 15.2—OWNERSHIP STATUS AND MEMBERSHIP OF CO-OPERATIVES

	PROPORTION OF CULTIVATING FAMILIES IN THE GROUP TO TOTAL NUMBER OF CULTIVATING FAMILIES (Per cent)			PROPORTION OF MEMBERS OF CO-OPERATIVES TO TOTAL NUMBER OF CULTIVATORS IN THE GROUP (Per cent)		
	Owner-cultiva-tors	Owner-cum-ten-ants	Tenant-cultiva-tors	Owner-cultiva-tors	Owner-cum-ten-ants	Tenant-cultiva-tors
	1	2	3	4	5	6
Broach	56	30	14	34	46	11
East Khandesh	75	16	8	40	59	15
Dharwar	47	31	22	44	53	24
Coimbatore	72	9	19	24	32	13
West Godavari	58	21	21	29	35	21
Ferozepur	31	47	22	18	30	8
Etawah <sup>1</sup>	5	35	60	26	33	21
Mandsaur	84	12	4	23	31	5
Gaya	73	15	12	10	10	4
Nadia	63	26	11	14	22	5

(Source : Listing Schedule)

<sup>1</sup>Land under *Sirdari* right was treated as cultivated under tenancy.

## 15.2 TYPES OF SOCIETIES IN THE DISTRICT

In Chapter 13, the co-operative credit structure obtaining in the selected districts was discussed. It was observed that the proportion of large size societies to total number of societies was relatively high in Broach, East Khandesh, Dharwar and West Godavari. Many of the small size societies in these districts were of unlimited liability type. In Etawah and Gaya, most of the societies were small size societies with limited liability. In Coimbatore, Ferozepur, Mandsaur and Nadia, most of the societies were small size societies with unlimited liability.

Classification of selected societies<sup>1</sup> according to state of working, type of liability, jurisdiction and size is given in Table 15.3.

The pattern of selected societies according to types generally conformed to the district pattern noted in Chapter 13. The large size credit societies predominated in Broach, East Khandesh, Dharwar and West Godavari. The limited liability type of small size societies predominated in Etawah and Gaya, and in other districts unlimited liability type of societies were in majority. One-village societies predominated in all districts except in Broach, Dharwar, Coimbatore and West Godavari. Number of multi-village amalgamated societies was large in West Godavari and that of multi-village converted societies was large in Broach.

<sup>1</sup>As stated earlier, a sample of societies was selected in each of the ten selected districts for the supply-side investigation. In Bikaner there were no agricultural credit societies. The total number of societies varied between fourteen in East Khandesh and twenty in Ferozepur. The details regarding the number of societies in the villages selected for demand-side investigation and those which were purposively selected are given in Appendix Tables 15.1 to 15.10.



TABLE 15.3—CLASSIFICATION OF SOCIETIES ACCORDING TO TYPES AND JURISDICTION

	Total number of societies selected	UNLIMITED LIABILITY		LIMITED LIABILITY						Of the total, number of dormant societies
		Single village	Multi-village	SMALL SIZE		LARGE SIZE				
				Single village	Multi-village	AMALGAMATED		CONVERTED		
						Single village	Multi-village	Single village	Multi-village	
	1	2	3	4	5	6	7	8	9	10
Broach	16	3	2	—	1	—	3	2	5	1
East Khandesh	14	6	5	—	—	—	—	1	2	—
Dharwar	16	3	4	1	1	1	3	—	3	1
Coimbatore	19	8	7	—	—	—	4	—	—	1
West Godavari	19	3	2	—	—	—	13	—	1	—
Ferozepur	20	16	—	—	—	2	—	2	—	6
Etawah	17	—	—	17	—	—	—	—	—	—
Mandsaur	16	12	2	—	—	1	1	—	—	—
Gaya	18	4	—	9	2	—	3	—	—	11
Nadia	16	13	—	1	—	—	—	—	2	11
Total	171	68	22	28	4	4	27	5	13	31

(Source : General Supply Schedule No. 1)

## 15.3 DORMANT SOCIETIES

For purposes of distinguishing between a dormant society and a working society [selected for ISS (1)], a dormant society was defined as one which did not advance loans in any of the three years, viz., 1954-5, 1955-6 and 1956-7. There were, of course, some societies which advanced loans in one year, say, 1954-5 and were dormant since then. Some societies organized after 1954 had not started functioning or functioned for a short duration and then stopped working. As information only in respect of some items could be collected in ISS (1), it was not possible to make a more precise estimate. To this extent, the proportion of dormant societies given in column 3 of Table 15.4 is more or less an under-estimate.

Table 15.4 shows that about 64 per cent of the primary agricultural credit societies in Gaya and 81 per cent in Nadia were dormant. In other districts, the proportion was less than 10 per cent.

For the purpose of analysis of the data collected in respect of selected credit societies [GSS (1)], a dormant society was defined as one (1) which did not advance any loans in 1955-6 and 1956-7, (2) which did not undertake marketing of members' produce or distribution of agricultural requisites, (3) which did not show a decline in

TABLE 15.4—DORMANT SOCIETIES IN THE SELECTED DISTRICTS

			Number of societies investigated <sup>1</sup>	Number of societies which were practically dormant	Proportion of dormant societies to total number of societies investigated (Per cent)
Broach*		Large size	131	—	—
		Small size	92	—	—
East Khandesh		All societies	797	—	—
Dharwar		Large size	117	2	2
		Small size	142	6	4
Coimbatore		Large size	12	—	—
		Small size	196	8	4
West Godavari	Pilot project area	Large size	37	—	—
	Other area	Large size	3	—	—
		Small size	198	12	6
Ferozepur		All societies	202	11	5
Etawah	Mahewa Development Block area	Small size	54	5	9
	Other area	Small size	121	4	3
Mandsaur		Large size	2	—	—
		Small size	181	16	9
Gaya		Small size	191 <sup>3</sup>	123 <sup>3</sup>	64
Nadia		Large size	1	—	—
		Small size	195 <sup>4</sup>	159 <sup>4</sup>	81

(Source : Intensive Supply Schedule No. 1)

<sup>1</sup>For the total number of societies in the district see Appendix Table 13.1.

<sup>2</sup>Data for 7 societies are not available ; some of these were dormant.

<sup>3</sup>Including 20 societies which had not started functioning and 7 societies which were practically dormant and for which relevant data were not available. Schedules in respect of these 27 societies were not considered for tabulation. Thus, only 164 societies were considered for tabulation.

<sup>4</sup>Including 143 societies which were not considered for tabulation; these were dormant and the relevant records were not available.

the proportion of overdues to outstandings between 1955 and 1957 and (4) in which the proportion of overdues to outstandings exceeded 75 per cent. According to this definition, 31 out of the 171 selected societies were dormant as may be seen from Table 15.3. Of these societies, eleven each were in Gaya and Nadia, six in Ferozepur, and one each in Broach, Dharwar and Coimbatore.

#### 15.3.1 Nadia

Of the eleven dormant societies in this district, five were registered in or before 1925, one in 1926, two each in 1939 and 1940 and the remaining one in 1948. Each of

them had jurisdiction over one village. Ten were of unlimited liability type and the remaining one was of limited liability type. Of these, four societies were in villages with two societies each. In nine societies, the General Body meeting was not held after 1942. Some details regarding these societies are given in Table 15.5.

TABLE 15.5—DORMANT SOCIETIES IN NADIA

Society	Year of registration	Year of last General Body meeting	Number of members as on 30 June 1957	Has Debt Settlement Board award affected the society ?	Did the society stop its activities during the depression ?
	1	2	3	4	5
N 1	1923	1942	21	Yes	Yes
N 2	1926	1936	11	No	Yes
N 3	1939	1940	14	No	No
N 4	1940	1942	13	No	No
N 5	1921	1941	24	Yes	Yes
N 8	1939	1939	10	No	No
N 9	1940	1940	11	No	No
N10	1948	1957	152	No	No
N11	1916	1955	20	Yes	Yes
N12	1925	1941	25	Yes	Yes
N13	1925	1941	28	Yes	Yes

(Source : General Supply Schedule No. 1)

Of the eleven dormant societies, five were adversely affected by the operation of the Debt Settlement Board appointed under Bengal Agricultural Debtors Act, 1935 which allowed the members to repay their debt owed to the primary societies over a period of years. As the dues of the societies to central banks were not adjusted in a similar manner, the societies were not in a position to repay promptly the loans to the central banks which resulted in high overdues. Thus, the operations of the societies came to a standstill. Of the remaining six societies, Society N4 was in a village which already had another society and thus its operations were restricted to a small locality in the village. The management of the society was bad, and with mounting overdues, it stopped functioning in 1942. The position was almost similar in the case of Societies N3, N8 and N9. The supervision over the societies, particularly over those referred to above, was ineffective as the central bank which financed these societies was weak.

In Society N11, the chairman, who was an ex-secretary and himself a defaulter was not in a position to exert necessary pressure on other members for prompt repayment of loans. In respect of Society N10, the main causes which led to the dormancy were bad management and party factions.

### 15.3.2 Gaya

In Gaya, the factors which resulted in dormancy of eleven of the selected societies may be found in some historical developments discussed earlier.

TABLE 15.6—DORMANT SOCIETIES IN GAYA

Society	Year of registration	Number of members as on 30 June 1957 <sup>1</sup>	Year of last General Body meeting	
G 2	1953	17 (15)	1956	
G 3	1919	15	1949	
G 4 <sup>2</sup>	1950	34 (30)	1957	
G 6	1922	42 (1)	1954	
G 8	1950	58	1950-1	
G 9	1947	46 (6)	1947-8	
G10	1947	37 (18)	1950	
G11	1950	41 (7)	1951	
G16	1911	..	..	The societies were in a village which had four societies of which one was functioning. No records were available in respect of three societies.
G17	1948	..	..	
G18	1918	..	..	

(Source : General Supply Schedule No. 1)

<sup>1</sup>Figures within brackets indicate membership excluding nominal members.

<sup>2</sup>Some members of this society reported sale of produce through the sugarcane union in their capacity as members of the union.

Societies G3, G6, G16, G17 and G18 were dormant since the pre-war period. Societies G9 and G11 which were organized after the implementation of the *Credit Agricole* Scheme became dormant.

Of the eleven dormant societies, five were in multi-society villages, with the result that their area of operation was very limited. The central banks provided neither effective supervision nor adequate and timely credit. Seven of the eleven dormant societies, viz., G4, G6, G8, G11, G16, G17 and G18, were within the jurisdiction of a central bank which was very weak.

Overlapping of functions between primary sugarcane growers' societies and cane unions on the one hand and primary credit societies on the other, to which a reference was made earlier, also, to some extent, adversely affected the working of primary credit societies.

The unsatisfactory land tenure system also adversely affected the co-operative societies. Prior to 1942, the *zamindars*, who were revenue collectors, did not always issue to the tenants receipts for payment of revenue, and could, therefore, transfer tenancy from one cultivator to another. As the primary credit societies gave loans

not exceeding a stipulated limit only on presentation of land revenue receipts by borrowers or sureties, dues from cultivators, whose tenancy rights were transferred arbitrarily by the *zamindars*, could not be recovered.

### 15.3.3 Ferozepur

Of the six dormant societies in Ferozepur, four were in multi-society villages.

TABLE 15.7—DORMANT SOCIETIES IN FEROZEPUR

Society	Registered in	Number of members as on 30 June 1957
F 2	1920	13
F 4	1951	26
F 5	1951	17
F 7	1951	23
F12	1950	30
F16	1927	32

(Source : General Supply Schedule No. 1)

Society F7 was organized by three landlords who were brothers residing outside the village. Loans received by the society were availed of by the three landlords with their relatives as members, though these were shown against the names of their tenants who were cultivating water-logged lands. During the Survey year this society was under liquidation. Society F12 was in a village which had two societies. The society which was dormant was organized in 1950 by a few rich persons of the village for distribution of controlled commodities such as cloth and sugar. Consequent on the removal of controls on these articles, the society undertook only credit activities but it became dormant in 1955. In Society F16, there was embezzlement by the ex-honorary secretary and treasurer and as the village is located in an isolated area, supervision was poor. Societies F4 and F5, which were in the same village, were organized by displaced persons. The societies stopped functioning because some members, as a result of changes in the allotment of land, migrated from the village without repaying the dues to the societies. As the Co-operation Department took little action to recover the loans from the cultivators who left the village, other members also refused to repay the loans. In the area of operation of Society F2, membership of which was restricted to a particular community, only twenty families of the said community were residing, and the society was not a viable unit. All the twelve indebted members were defaulters and yet no action was taken as the society did not owe any dues to the central bank.

### 15.3.4 Broach

Society B3, registered in 1918, was in a village in which a multi-village multi-purpose society (B2) was organized in 1941. Society B3 became dormant as all its members joined the new society.<sup>1</sup>

<sup>1</sup>Society B3 was revived after the conversion of the large size society B2 into a marketing-cum-processing society.

### 15.3.5 Dharwar

The multi-purpose Society D11 was organized in 1944 with limited liability. The secretary, himself being a defaulter, did not take any action for recovery of loans, and as such, the society became dormant.

### 15.3.6 Coimbatore

Society C5, organized in 1919, was dominated by landowners. The ex-president misappropriated funds by making unrecpected collections. Since then, the members lost confidence in the society which gradually stopped functioning. Improper management, lack of proper supervision and timely help from the central bank and the Co-operation Department resulted in misappropriation and consequent deterioration in the financial position of the society.

From the above discussion, the main causes leading to dormancy appear to be bad management, hesitancy and half-hearted approach to recoveries<sup>1</sup>, misappropriation, domination by vested interests and, in some cases, the decline in prices witnessed in the thirties. In many dormant societies, the area of operation was very small, there being two or more societies in a village, and as such, they were not in a position to employ full-time trained secretaries who could manage the affairs properly. Some societies were adversely affected by the overlapping of functions between primary credit societies and other types of societies. Factors such as weakness of the central banks, pre-occupation of central banks with trading activities, defective loan policy and procedure, unsatisfactory arrangements regarding audit, inspection and supervision, among others, as will be seen later, also had a direct bearing on the unsatisfactory performance of some of the so-called "working" primary credit societies.

## 15.4 LARGE SIZE CREDIT SOCIETIES

Of the 49 large size societies selected, 31 were organized through amalgamation and the remaining 18 were either those in which case the erstwhile small size societies were converted into large size societies by amendment of by-laws or those formed by augmentation of capital. The classification of societies into small and large size for purposes of this Report is the same as that adopted by the district co-operative officials, irrespective of whether the so-called large size societies satisfied all the important criteria. As a matter of fact, in many districts it was not possible to get from the district co-operative officials either an exact definition of the term 'large size society' adopted by them or the general criteria which they followed for designating a society as large size or the standards<sup>2</sup> used by them in selecting an erstwhile small size society for conversion into a large size society. An extreme example was met with in one district where secretaries of some selected large size

<sup>1</sup>For the discussion on the main reasons for the high overdues position even in some of the working societies see Section 16.4.

<sup>2</sup>As will be noted from the ensuing discussion, it is not correct to state that only those erstwhile small size societies which were working satisfactorily were selected for amalgamation or conversion into large size societies. So far as could be judged, the selection for this purpose was done on *ad hoc* basis.

societies were not even aware as late as in 1957 that their societies were designated as large size societies by the Assistant Registrar's office in 1956-7.

The criteria for registration of a large size society adopted in one of the co-operatively well-developed States were as follows:

- (1) share capital of Rs 15,000 to Rs 20,000,
- (2) working capital of Rs 1,00,000 to Rs 1,50,000,
- (3) area of operation generally extending to a group of villages,
- (4) State contribution to share capital with State nominees on the managing committee, and
- (5) a full-time efficient and trained secretary.

A large size society was one which satisfied or was likely to satisfy within a reasonable period, the criteria given above.

Of the 49 large size societies, in nine, the area of operation was confined to one village each, and in fourteen others, it was between two and five villages. The jurisdiction of these societies varied from district to district<sup>1</sup>.

Membership of a society did not exceed 600 in as many as 35 large size societies, of which, nine were from Broach, three from Coimbatore and two from West Godavari ; all the selected large size societies from East Khandesh, Dharwar, Mandsaur, Ferozepur, Gaya and Nadia had less than 600 members. Of the fourteen large size societies with a membership exceeding 600, twelve were from West Godavari and one each from Broach and Coimbatore. In five societies from West Godavari, however, membership exceeded 1,000.

The paid-up share capital exceeded Rs 20,000 in 24 large size societies. It was less than Rs 10,000 in ten societies, between Rs 10,000 and Rs 15,000 in seven societies and between Rs 15,000 and Rs 20,000 in eight societies. Only seventeen out of the 49 societies had received State contribution to their share capital. Of these, the total State contribution to share capital was Rs 10,000 or more in nine societies and between Rs 5,000 and Rs 10,000 in eight societies.

Working capital exceeded Rs 1 lakh in 25 societies, of which, in 21 it exceeded Rs 1.50 lakhs. It was less than Rs 50,000 in sixteen societies and between Rs 50,000 and Rs 1,00,000 in eight societies.

Eighteen large size societies received godown loans or subsidies from Government, but only five had their own godowns.

Thirty-three societies received management subsidy during the period 1954-5 to 1956-7. There were full-time paid and trained secretaries in 31 out of the 49 societies.

<sup>1</sup>Number of villages in the jurisdiction of each of the selected societies is given in Appendix Tables 15.1 to 15.10.

Though only seventeen of the 49 large size societies had received State contribution to share capital, State nominees were appointed in the case of 27 societies, in some societies in anticipation of State contribution to share capital. In only 20 of the 49 large size societies, the paid-up share capital exceeded Rs 10,000, working capital Rs 1 lakh, and a full-time, trained secretary was appointed. Further, many large size societies were organized in the latter part of 1956-7, and they did not function as large size societies for more than six months. Of the 49 large size societies, 24 had worked for more than a year as large size societies, while the period was between one year and six months in the case of nine societies and less than six months in the case of sixteen societies. As the period of reference for the Survey was 1956-7 and as the organization of large size societies was taken up only after October 1955, the duration for which the selected societies worked as large size societies was rather too short. All these factors need to be taken into consideration while assessing the performance of large size societies, and particularly, in comparing the performance of large size societies with that of small size societies.

It is also necessary to take into account the historical background of these so-called large size societies. Many large size societies did not get even a clean start to function as a business organization because of the inability of the Co-operation Department and the central banks to settle outstanding issues arising out of defalcation of funds, political rivalries, settlement of accounts with defaulting members, etc., which beset the erstwhile small size societies prior to their re-organization as large size societies.

#### 15.4.1 Broach

In Broach, where the pilot project of the Integrated Rural Credit Scheme extended over the entire district, ten of the sixteen selected societies were large size societies. Of these ten, three were organized through amalgamation and seven through conversion (Appendix Table 15.1). Two societies from the former group were organized through amalgamation of two societies each and the remaining one by merger of three societies which passed resolutions approving of their amalgamation in the General Body meetings before the actual merger. Details regarding each of the selected large size societies are given in Table 15.8.

Five of the seven converted large size societies were multi-village societies and in the remaining two, the erstwhile single-village unlimited liability societies were converted into single-village large size limited liability societies. There were no State nominees in any of the selected large size societies in the district.

Society B1 was converted into a limited liability society in 1957, but its jurisdiction covered one village only. The paid-up share capital and working capital of the society was Rs 13,000 and Rs 58,000, respectively. There was some decline in membership between 1954 and 1957, mainly because some members were apprehensive of the clause relating to interlinking of credit with marketing. It was reported that some members who resigned from the society were indebted to a big cotton trader, who had advanced loans in 1955-6 as a last resort to wean them away from the co-operative society and thus undermine the pilot project. But as the cotton trader



TABLE 15.8—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN BROACH

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital <sup>1</sup> (In thousands of rupees)	Working capital (In thousands of rupees)	Were there State nominees?	Godown loans/subsidy received (In rupees)	Did it have a full-time, paid and fully/partially trained secretary ? <sup>2</sup>	Year in which the society was formed/ re-organized as a large size society
	1	2	3	4	5	6	7	8
B 1	1	87	13	58	No	—	No	1957
B 2	23	781	158	678	No	10,000	Yes (600)	1955
B 6	6	301	41	156	No	10,000	No	1955
B 8	7	262	12	24	No	—	No	1957
B11 <sup>3</sup>	22	186	15	181	No	—	Yes (396)	1957
B12	17	235	18	66	No	—	No (1750)	1956
B13 <sup>3</sup>	4	228	27 (10)	73	No	10,000	No (900)	1956
B14	1	136	21	108	No	—	Yes	1957
B15	27	436	49	219	No	—	Yes (600)	1955
B16 <sup>3</sup>	4	89	28 (10)	125	No	—	No (900)	1956

(Source : General Supply Schedule No. 1)

<sup>1</sup>Figures within brackets indicate State contribution to share capital.<sup>2</sup>Figures within brackets indicate management subsidy received between 1954-5 and 1956-7 in rupees.<sup>3</sup>Formed by amalgamation.

did not advance them any loan in 1956-7 and 1957-8, many such members were reported to have rejoined the society in 1957-8. The society was not giving medium-term loans. Informal arrangements for interlinking were made by the society with a nearby marketing society.

Society B2 covered 23 villages. Its paid-up share capital and working capital was Rs 1,58,000 and Rs 6,78,000, respectively. It advanced loans according to the crop loan policy laid down at the Field Workers' Conference and adopted by the central bank. It gave loans in kind after inviting indents. The loans were advanced in instalments. Medium-term and pledge loans were also provided. However, it undertook marketing of produce, and during 1956-7 it was constructing a ginning and pressing unit. It was managed in a business-like manner. Most of the credit needs of the members were met by the society and a majority of the members were selling their produce through it. As will be seen later, this society was subsequently converted into a marketing-cum-processing society, and the

dormant society in the same village was revived in accordance with the scheme for separation of marketing and credit activities.

Society B6 was organized by amendment of its by-laws. Its paid-up share capital and working capital was Rs 41,000 and Rs 1,56,000, respectively. Its membership declined between 1954-5 and 1956-7 because jurisdiction was curtailed to prevent overlapping with another society which was revived in 1953-4. It was observed that bills of private shopkeepers were treated as adequate documentary evidence for giving cash loans to borrowers, in lieu of loans in kind. Loans were, however, given according to the loan policy and procedure. It did not have a full-time trained secretary. Some of the loans to members, mostly landowners, who had received loans in 1954-5 according to the old policy, were larger than what they were eligible for according to the policy as revised in 1956-7. But the central bank had made provision for a gradual reduction in the quantum of loans, which prevented an increase in overdues. The decline in advances for agricultural production in this society needs to be seen in the context of this peculiar situation.

Society B8, organized through merger with another society in August 1957, was technically treated as a large size society as at the end of June 1957. The paid-up share capital and working capital of the society was Rs 12,000 and Rs 24,000, respectively. It was dominated by a *Patidar* (moneylender-cum-trader) who was the chairman of the society and who actually discouraged it from taking up marketing activities. It made little progress over the three years upto June 1957. Some of the members of this society were actually indebted to the chairman. Thus, this society which was designated as a large size society should really have been treated as a small size society for the year 1956-7. But as the Assistant Registrar's office treated the society as a large size one, the same designation is used in the subsequent discussion.

Society B11, located in a taluk mostly inhabited by *adivasis*, was formed through merger of two societies. The paid-up share capital and working capital of the society was Rs 15,000 and Rs 1,81,000, respectively. It had jurisdiction over 22 villages. It employed a full-time trained secretary. It undertook marketing of produce.

Society B12 which covered seventeen villages is in the *adivasi*-inhabited tract of the district. The paid-up share capital and working capital of the society was Rs 18,000 and Rs 66,000, respectively. The secretary received compensation in the form of honorarium from the society. A professional moneylender holding a licence tried to sabotage the society by enrolling himself as a member, but the managing committee, realizing this manoeuvre, prevented his election to the managing committee.

The jurisdiction of Society B13 overlapped with that of another society. The paid-up share capital and working capital of the society was Rs 27,000 and Rs 73,000, respectively. It had also received State contribution to share capital. But State nominees were not appointed. It undertook marketing of produce. Some of the residents of the headquarters village were also members of a nearby society. In fact, because of overlapping of functions and jurisdiction and in the absence of

strict adherence to the Rule (under the Co-operative Societies Act) that in order to avoid double financing the society should get a written certificate from the borrower who is a member of two societies, there was every possibility of members borrowing from both the societies without each knowing about the borrowings from the other. An instance of this nature was actually noticed during the course of investigation.

Society B14 had a chequered history as it was practically dormant subsequent to the decontrol in the post-war period. It was reorganized in 1954 with jurisdiction over only one village where a cotton sale, ginning and pressing society also operated. The paid-up share capital and working capital of the society was Rs 21,000 and Rs 1,08,000, respectively. It undertook marketing of produce and was affiliated to the sale-cum-processing society referred to above. It gave loans generally according to the crop loan policy of the central bank. It had a full-time trained secretary.

Society B15 which covered 27 villages was located in the *adivasi*-inhabited area. The paid-up share capital and working capital of the society was Rs 49,000 and Rs 2,19,000, respectively. It gave loans according to the crop loan policy of the central bank i.e., in instalments, partly in kind and for medium-term purposes. Loans in kind were distributed through its shop which was dealing in agricultural requisites and consumer goods. This society, as also society B2, functioned successfully, but unlike society B2, this society did not itself undertake marketing of produce. Its members sold their produce through a nearby marketing society which recovered loans given by society B15 out of the sale proceeds; the marketing society did not give any production loans. This was the *only* society out of 49 large size societies studied which could be said to be working more or less on the lines of the recommendations of the All-India Rural Credit Survey Committee and the Hyderabad Conference.

Society B16 was organized by merger of two societies. The paid-up share capital and working capital of the society was Rs 28,000 and Rs 1,25,000, respectively. It had received State contribution to share capital but no State nominees were appointed. Some members of one of the merged societies, which was located in a less developed village, were opposed to the merger as they felt that the other society was dominated by traders and big landlords. Hence they left the society just before the merger. The society, after reorganization as a large size society, did not join the Broach Cotton Area Co-operative Cotton Sale Organizations' Union<sup>1</sup> which lent weight to complaints made by some of the members who left the society. It sold its produce through private brokers. In the absence of State nominees, the society continued to sell cotton through private traders instead of through the Broach Cotton Union. This was one of the very few credit societies in Broach which had refused to affiliate itself with the Broach Cotton Area Co-operative Cotton Sale Organizations' Union.

Thus, in effect, only a few of the selected large size societies worked as such for any length of time. Further, the changes in the jurisdiction effected as a part of the

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<sup>1</sup>The working of this Union is discussed in Section 17.3.2.

reorganization of the co-operative credit structure and overlapping of functions between credit and marketing societies (as some residents of villages covered by primary credit societies received production loans from marketing societies) made the problem of comparison of performance of small and large size societies difficult.

#### 15.4.2 East Khandesh

As stated earlier, the pilot project of the Integrated Rural Credit Scheme, started in 1955, covered the entire district. By June 1957, there were 135 large size societies in the district; of these, three were in the villages selected for the demand-side investigation and were studied. The jurisdiction of Society K3 extended over one village, of Society K11 over four villages and of Society K13 over two villages. Among the fourteen selected societies, two large size societies, viz., K11 and K13 and four small size societies advanced pilot loans. Only one of the three large size societies received State contribution to share capital, and all the three societies were organized through amendment of by-laws. Some details about these societies are given in Table 15.9.

TABLE 15.9--SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN EAST KHANDESH

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital <sup>1</sup> (In thousands of rupees)	Working capital (In thousands of rupees)	Were there State nominees ?	Godown loans/ subsidy received (In rupees)	Did it have a full-time, paid and fully/partially trained secretary? <sup>2</sup>	Year in which the society was formed/reorganized as a large size society
	1	2	3	4	5	6	7	8
K 3	1	160	10	45	No	—	No	1957
K11	4	156	8	41	No	—	No	1957
K13	2	220	25 (10)	57	Yes	—	Yes (600)	1957

(Source : General Supply Schedule No. 1)

<sup>1</sup> Figures within brackets refer to State contribution to share capital.

<sup>2</sup> Figures within brackets indicate management subsidy received during 1954-5 to 1956-7 in rupees.

Society K3, organized in 1925, was a single-village multi-purpose limited liability society. It was designated as a large size society after the initiation of the pilot project, though the secretary of the society was not aware of this change. The paid-up share capital and working capital of the society was Rs 10,000 and Rs 45,000, respectively. There was no State contribution to its share capital till June 1957.

Society K11, organized in 1921 as a single-purpose unlimited liability society, was designated as a large size society at the end of June 1957, after converting it into a multi-purpose limited liability society. The paid-up share capital and working capital of the society was Rs 8,000 and Rs 41,000, respectively.

Society K13, organized as a single-purpose unlimited liability society in 1926, was designated as a large size society at the end of June 1957 by converting it into a multi-purpose limited liability society. The paid-up share capital and working capital of the society was Rs 25,000 and Rs 57,000, respectively. State contribution to its share capital to the extent of Rs 10,000 was made through the central bank. It had also received management subsidy and employed a full-time secretary.

In effect, therefore, none of the three so-called large size societies had worked as such for any length of time which would justify comparison of their performance with small size societies.

#### 15.4.3 Dharwar

As stated earlier, the pilot project of the Integrated Rural Credit Scheme covered the entire district. There were, however, many changes in the policy regarding this project with the transfer of this district from the former Bombay State to the reorganized Mysore State in November 1956. For instance, the details regarding the *modus operandi* of State contribution to share capital were not decided upon till June 1957. As a result, some of the large size societies which were sanctioned State contribution to share capital could not avail of it, though made available by the State Government. In respect of some societies even the State nominees were appointed in anticipation of State contribution to share capital.

Of the sixteen selected societies, seven were large size societies; four were formed by amalgamation and three by conversion. The procedure for amalgamation of societies was generally similar to that obtaining in Broach. Only three of the seven large size societies received State contribution to share capital, though there were State nominees or nominees of the central bank in all the seven large size societies. Three of these were affiliated to marketing societies and had entered into agreement with them for sale of members' produce and recovery of loans given to the members. Details regarding the selected large size societies are given in Table 15.10.

Society D1 in the northern black cotton tract of the district, which is periodically affected by scarcity conditions, was organized in 1956 through merger of four societies which had passed necessary resolutions in their General Body meetings. Prior to the merger, one society was dominated by traders and landlord-cum-money-lenders. An ex-president of one of the amalgamated societies started opposing the merger, even after a resolution to that effect was passed by the General Body, because of fear of losing his hold over the society. He handed over the registers of the merged society only after the Co-operation Department brought charges of misappropriation against him. The majority of the members of all the societies,

TABLE 15.10—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN DHARWAR

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital <sup>1</sup> (In thousands of rupees)	Working capital (In thousands of rupees)	Were there State nominees ?	Godown loans/ subsidy received (In rupees)	Did it have a full-time, paid and fully/partially trained secretary ? <sup>2</sup>	Year in which the society was formed/reorganized as a large size society
	1	2	3	4	5	6	7	8
D 1 <sup>3</sup>	7	511	17	152	Yes	—	Yes	1956
D 8	4	219	15 (6)	39	Yes	10,000	No	1955-6
D10	2	192	20 (9)	75	Yes	10,000	No	1955-6
D12	12	567	43 (7)	172	Yes	—	No (500)	1956
D13 <sup>3</sup>	6	394	17	111	Yes	—	Yes	1956
D14 <sup>3</sup>	1	460	16	197	Yes	10,000	No	1956
D15 <sup>3</sup>	9	397	9	34	Yes	—	Yes	1956

(Source : General Supply Schedule No. 1)

<sup>1</sup> Figures within brackets refer to State contribution to share capital.<sup>2</sup> Figures within brackets indicate management subsidy received during 1954-5 to 1956-7 in rupees.<sup>3</sup> Formed by amalgamation.

however, were in favour of merger. The paid-up share capital and working capital of the large size society was Rs 17 000 and Rs 1,52,000, respectively. The failure of cotton crop during 1956-7 in the area of operation of this society due to unseasonal weather affected the recovery performance of the society.

Society D8, situated on the border of *Malnad*, was a group multi-purpose society with limited liability. It was recognized as a large size society by the Assistant Registrar's office and was given State contribution to share capital as also godown loan. The secretary of this society was also the secretary of the village *panchayat*. Though it had a membership of 219, the paid-up share capital and working capital was Rs 15,000 and Rs 39,000, respectively.

Society D10, organized in 1919, was reorganized as a large size society in 1955-6. The paid-up share capital and working capital of the society was Rs 20,000 and Rs 75,000, respectively. It had received State contribution to share capital as also godown loan. Even before the society was converted into a large size society, the overdues were very high as the ex-secretary accepted non-receipted repayments from members and was himself a borrower. But its accounts were not finally settled even after the conversion into a large size society. Some moneylenders and traders were also on the managing committee. As some of the cultivators who had actually

repaid the loans were treated as defaulters, most of the cultivators lost confidence in the society. Thus, this so-called large size society did not have a clean start to function as a business-like concern.

Society D12, located in a minor marketing centre, was reorganized as a large size society in 1956. The paid-up share capital and working capital of the society was Rs 43,000 and Rs 1,72,000, respectively. The society received State contribution to share capital and was linked to a nearby marketing society which was recovering loans given by it.

Society D13 which is situated in an isolated village in the southern part of the district, was organized through amalgamation of two societies in 1956 and had six villages in its jurisdiction. The paid-up share capital and working capital of the society was Rs 17,000 and Rs 1,11,000, respectively. The chairman of the society who was a trader-cum-cultivator, was not interested in developing marketing activities.

Society D14 from a village in the Ron taluk was organized through amalgamation of two societies which were operating in the same village. Thus, the reorganized society covered only one village. It was managed by a full-time secretary. It was linked to a marketing society and was giving loans according to the loan procedures laid down by the central bank.

Society D15, formed by amalgamation of two small size societies, covered nine villages. The paid-up share capital and working capital of the society was Rs 9,000 and Rs 34,000, respectively. The chairman of this society was a big *watandar*-cum-trader. Some other members of the managing committee were traders.

All the seven large size societies provided medium-term loans as also crop loans according to the loan policy adopted by the central bank. As regards quantum of loan and timing of instalments, almost all the societies were observing the policy laid down by the central bank. As regards disbursement of loans in kind, only one society had made necessary arrangements in accordance with the approved loan policy. Arrangements for interlinking with marketing societies were made only in three societies. In many societies in which State nominees were appointed, it was reported that the State nominees, some of whom were overworked departmental officials, could not attend the meetings regularly. Of the seven societies, two societies, viz., D10 and D13, did not get a clean start to function as business-like concerns. Societies D1 and D12 were adversely affected as a result of decline in cotton production due to unseasonal weather.

#### 15.4.4 Coimbatore

There were sixteen large size societies, also known as agricultural banks, in the district, of which fourteen were in the three taluks covered by the pilot project. Of the fourteen large size societies, six were in the area covered by the "Full Finance Scheme". None of the large size societies received State contribution to share capital till the end of June 1957.

Of the nineteen selected societies studied in the district, four were large size societies located in the pilot project area and were formed by amalgamation, the number of societies merged being two each in Societies C2 and C17 and five each in respect of Societies C1 and C16. Their jurisdiction extended over three to seven villages. Of these, two societies, viz., C1 and C17, were in the area of the "Full Finance Scheme". Some details regarding the four societies are given in Table 15.11.

TABLE 15.11—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN COIMBATORE

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital (In thousands of rupees)	Working capital (In thousands of rupees)	Were there State nominees <sup>1</sup> ?	Management subsidy received (In rupees)	Did it have a full-time, paid and fully/partially trained secretary?	Year in which the society was formed/reorganized as a large size society
	1	2	3	4	5	6	7	8
C 1	7	544	25	157	Yes	1,426	Yes	1956
C 2	3	338	9	50	Yes	—	Yes	1957
C16	6	848	27	167	Yes	1,196	Yes	1956
C17	4	397	9	43	Yes	79	Yes	1956

(Source : General Supply Schedule No. 1)

Note :—None of the societies received State contribution to share capital or loan/subsidy for construction of godowns.

<sup>1</sup>Managing Committee members were nominated by the Deputy Registrars.

Though none of the societies had received upto June 1957 State contribution to share capital or godown loans, there were State nominees on the managing committees of all the societies. All the four societies employed full-time trained secretaries.

Society C1, located in the area covered by the "Full Finance Scheme", was organized through merger of five societies. The paid-up share capital and working capital of the society was Rs 25,000 and Rs 1,57,000, respectively. In this society the quantum of loan was fixed on crop basis. It was linked to one marketing society for sale of cotton and to another for sale of groundnut. Loans were recovered by the marketing societies through proceeds from the sale of produce of members.

Society C2, organized through merger of two societies, covered only three villages and was registered as a large size society in June 1957. The paid-up share



capital and working capital of the society was Rs 9,000 and Rs 50,000, respectively. Landlords and moneylenders dominated the managing committee before the re-organization of the society into a large size society.

Society C16, organized through merger of five societies in 1956, covered six villages. The paid-up share capital and working capital of the society was Rs 27,000 and Rs 1,67,000, respectively. Many members sold their produce through private traders though it was affiliated to a marketing society which had not made arrangements for assembling of produce.

Society C17 was located in the area covered by the "Full Finance Scheme". The paid-up share capital and working capital of the society was Rs 9,000 and Rs 43,000, respectively. The society was dominated by traders and made no arrangements for marketing of members' produce.

The maximum limit for crop loans to be granted to a member against sureties was fixed at Rs 500. Loans exceeding this limit were given against mortgage of immovable property. All the four large size societies were expected to give crop loans in relation to acreage under various crops grown by the members. Quantum of loan per acre of different crops was fixed. In two of the four societies, viz., Societies C1 and C16, loans were given in relation to crop acreage during 1956-7. In society C2 which was reorganized as a large size society only in June 1957, loans were given according to the general policy followed by other societies. The fourth society, however, started giving crop loans after the Survey year.

#### 15.4.5 West Godavari

As in Coimbatore, the pilot project covered only a part of the district. Of the 57 large size societies in the district, 39 were in the pilot project area and 18 outside it.

Of the nineteen societies selected in the district, fourteen were large size societies inclusive of four rural banks. Of these fourteen societies, thirteen were formed by amalgamation and one by augmentation of capital. Ten out of the fourteen large size societies were in the pilot project area, all of which received State contribution to share capital. The four selected rural banks from the non-pilot project area did not receive any State contribution to share capital. Details regarding the selected large size societies are presented in Table 15.12. All the ten large size societies in the pilot project area were formed by amalgamation and registered as such only in January 1957 though amalgamation was effected earlier. All the fourteen societies had State nominees and had worked for a period of more than six months as large size societies. The loan policy of these societies, which was in accordance with the loan policy formulated by the central bank, was far removed from the crop loan policy. Almost all the societies provided pledge finance in addition to production finance but only nine large size societies gave medium-term finance. Interlinking between credit and marketing was conspicuous by its absence.

TABLE 15.12—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN WEST GODAVARI

(As at the end of June 1957)

	Number of societies merged	Number of villages under jurisdiction	Number of members	Paid-up share capital <sup>1</sup> (In thousands of rupees)	Working capital (In thousands of rupees)	Godown loans/ subsidy received (In rupees)	Did it have a full-time, paid and fully/partially trained secretary? <sup>2</sup>
	1	2	3	4	5	6	7
W 1	6	17	889	26 (10)	152	—	Yes (702)
W 2	3	3	705	45 (15)	454	20,500	Yes (1124)
W 3	3	4	1632	22 (6)	94	—	Yes (678)
W 4	9	31	1813	47 (7)	401	20,500	Yes (858)
W 5	2	5	635	18 (6)	116	—	No (675)
W 8 <sup>c</sup>	5	6 <sup>c</sup>	843	76	423	17,000	Yes <sup>d</sup>
W12 <sup>c</sup>	3	6	906	62	234	—	Yes <sup>d</sup>
W13 <sup>c</sup>	3	4	1089	57	498	11,000	Yes <sup>d</sup>
W14 <sup>c</sup>	— <sup>a</sup>	10	1109	74	472	—	Yes <sup>d</sup>
W15	5	13	1016	34 (10)	269	20,500	Yes (977)
W16	2	2	709	54 (12)	513	20,500	Yes (1160)
W17	2	17	467	22 (10)	163	—	Yes (615)
W18	2	4	374	23 (6)	160	—	Yes (785)
W19	4	12	620	33 (10)	263	30,500	Yes (1197)

(Source : General Supply Schedule No. 1)

<sup>1</sup>Figures within brackets refer to State contribution to share capital.<sup>2</sup>Figures within brackets indicate management subsidy received during 1954-5 to 1956-7 in rupees.<sup>3</sup>Formed by augmentation of capital.<sup>4</sup>Free services of a Co-operative Inspector were made available.<sup>5</sup>Rural Banks located outside the pilot project.<sup>6</sup>Only the area of operation of the merged societies was amalgamated; assets and liabilities of the merged societies were not taken over by the newly organized large size society.

Society W1 was organized through the amalgamation of six small size societies and was registered as a large size society only in January 1957. Its jurisdiction extended to 17 villages. Similarly, Society W2 was organized through amalgamation of three societies and covered three villages. Society W3 was organized by amalgamation of three societies which did not advance any loan in 1954-5.

All the loans advanced were overdue as on 30 June 1957 partly because the cultivators' lands were flooded by the overflowing of Collair lake during the monsoons. The president had taken *benami* loan of Rs 25,000. Traders and landlords were on the managing committee, being among those appointed by the Deputy Registrar. All the three merged societies had heavy overdues. The Department as also the State nominees had taken little action for solving the problem of heavy overdues. Society W4, organized through amalgamation of nine societies, covered 31 villages. The headquarters of this society was located in a marketing centre which had 2,580 households. Society W5 was organized through amalgamation of two societies and it covered five villages. The societies which were merged to form the new society did not agree to the inclusion of a third society which was very near these villages because of high overdues of the latter society.

As stated earlier, four rural banks, located in the area not covered by the pilot project, were among the fourteen large size societies selected for study. Society W8 (rural bank) was organized by enlarging the area of operation of the erstwhile credit society to six villages which were already covered by four other societies. These four societies were not merged into the rural bank but were liquidated. One of the villages in the area of operation of this bank was also in the area of operation of another rural bank thus resulting in overlapping of jurisdiction. Society W12 (rural bank) was organized through amalgamation of three multi-purpose societies in 1956. Society W13 (rural bank), covering four villages, was organized through amalgamation of three societies in March 1956. Society W14 (rural bank) which was organized in May 1955, i.e., prior to the introduction of the pilot project, covered ten villages. Three societies, which were operating prior to the organization of the bank, were liquidated separately.

The remaining five large size societies, all of which were in the pilot project area and organized through merger of small size societies, were registered as large size societies only in January 1957. Society W15 was organized through amalgamation of five societies and covered thirteen villages. Society W16 was organized through amalgamation of two societies and covered two villages. The headquarters village was almost semi-urban with more than 900 houses but even so, more than 50 per cent of the families were covered by co-operatives. Society W17, organized through amalgamation of two societies, covered seventeen villages of which ten were hamlets and one was almost a town with more than 1,000 houses. There were only 21 members from this town, but in other villages, the membership was fairly evenly distributed. Society W18 was organized through amalgamation of two societies and covered four villages. Society W19 was organized through amalgamation of four societies and covered twelve villages. In the case of one of the amalgamated societies, an enquiry was instituted because of allegations against the secretary.

As stated earlier, though the amalgamated societies were merged earlier, most of the large size societies were registered as such only in January 1957. Further, some of the places covered by these large size societies were actually urban areas, and

hence, while comparing the performance of large size with small size societies on the basis of the data relating to number of members per 100 rural families, this limitation needs to be taken into account. Unlike in Bombay where only cultivators who cultivated owned or unowned land were ordinarily entitled to crop loans against the first charge on land, in West Godavari, agricultural labourers as also non-cultivating landlords were getting co-operative loans. Hence, as will be seen later, figures relating to the coverage of cultivating families by co-operatives (number of members per 100 rural cultivating families) in respect of West Godavari are not strictly comparable with those of Broach.

#### 15.4.6 Ferozepur

Of the ten large size societies in the district, four were included in the sample of twenty credit societies selected for investigation. None of the selected large size societies had received State contribution to share capital; though all had received godown subsidies. Each of them had jurisdiction over one village. Two societies, F18 and F19, were organized through amalgamation of three and four societies, respectively, but even after amalgamation, the jurisdiction of the societies extended to one village only. Some details about the societies are given in Table 15.13.

TABLE 15.13—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN FEROZEPUR

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital (In thousands of rupees)	Working Capital (In thousands of rupees)	Godown loans/ subsidy received (In rupees)	Did it have a full-time, paid and fully/ partially trained secretary? <sup>1</sup>	Year in which the society was formed/ reorganized as a large size society
	1	2	3	4	5	6	7
F15	1	272	18	42	1000	No (600)	1956
F18 <sup>2</sup>	1	136	10	20	1000	No (635)	1957
F19 <sup>2</sup>	1	182	10	21	1000	Yes <sup>3</sup> (600)	1956
F20	1	134	12	27	1000	No (165)	1957

(Source : General Supply Schedule No. 1)

Note :—There was no State contribution to share capital and no State nominees were appointed.

<sup>1</sup>Figures within brackets indicate management subsidy received during 1954-5 to 1956-7 in rupees.

<sup>2</sup>Formed by amalgamation.

<sup>3</sup>Also a member of the society.

Society F15 was reorganized as a large size society in November 1956. The paid-up share capital and working capital of the society was Rs 18,000 and Rs 42,000, respectively. It did not have a full-time trained secretary; however, it had received management subsidy.

In the village covered by Society F18, there were four societies, of which three with a share capital of Rs 5,950, Rs 795 and Rs 360, respectively, were amalgamated into a large size society in January 1957. A separate society for cultivators belonging to the scheduled caste, however, continued to function independently in the village which had only 423 households. The large size society was dominated by three members who were brothers and were shopkeepers and traders; two of these were paid Rs 100 each per month as a salesman and a secretary. The society received management subsidy of Rs 635. Only Rs 200 were advanced in 1956-7. Thus, the so-called large size society was dominated by a single family, and one of the vice-presidents of the society was given Rs 2,000 during 1957-8 as a loan in contravention of the society's by-laws, though the total working capital was only Rs 20,000 and the total membership of the society was 136.<sup>1</sup> Neither the central bank nor the Co-operation Department had taken any action in this regard. Except for the change in the designation into a large size society, there was no reorientation in its working.

Society F19 was organized in November 1956 by merger of four societies from the same village which had a membership of 24, 25, 35 and 45, respectively. Another credit society which was in this village with a membership of 123, was merged with this new society only in July 1957 and hence was not covered by the investigation. Thus this society also had not functioned as a large size society for a sufficiently long time. The paid-up share capital and working capital of the society was Rs 10,000 and Rs 21,000, respectively.

Society F20 was organized as a large size society by converting the erstwhile small size society into a limited liability one in January 1957. The paid-up share capital and working capital of the society was Rs 12,000 and Rs 27,000, respectively. The management of the society insisted that each member should buy shares worth Rs 100 instead of Rs 50 as laid down in the by-laws. As there was no full-time trained secretary, the accounts were badly maintained but the general working of the society was better than that of Society F18.

Whereas one of the four selected large size societies continued to be dominated by a single family, the other three had not started working as large size societies for a sufficient length of time. Upto June 1957, there was no State contribution to share capital. Because of improper allocation of functions regarding audit, supervision and inspection and defects in the loan policies and procedures which were discussed in Sections 13.6 and 14.2.6, respectively, conditions for the successful working of credit societies were non-existent.

<sup>1</sup>The maximum credit limit of this society was fixed at Rs. 45,000 ; in another large size society (Society F 19), it was fixed at Rs. 40,000, though the membership of this society was 182 as against 136 in the former. The problems arising out of defects in the loan policies and procedures are discussed in Section 16.2.5.

## 15.4.7 Etawah

There was no pilot project of the Integrated Rural Credit Scheme in the district. There were no large size societies nor was there any provision for organizing in 1956-7 any large size society.

Of the seventeen selected societies, seven societies which were affiliated to the Mahewa Co-operative Union were located in the area covered by the Mahewa Rural Credit Project, which was locally known as the Mahewa Multi-purpose Union Project, sponsored by the Planning, Research and Action Institute, Lucknow. By July 1956, 21 credit societies with limited liability and covering one village each were included in the project. Thus, one-third of the societies included in the project were covered in our sample. As there was no provision for State contribution to share capital, and for godown loans/subsidies, and management subsidy, none of the selected societies received such financial assistance.

## 15.4.8 Mandsaur

The so-called pilot project was initiated in one of the Community Development Blocks in 1956. Under this project, a large size society was formed by amalgamation of seven societies and linked to a marketing society. There were four other large size societies which were also formed by amalgamation of 50 small size societies. Of the five large size societies in the district, two were included in the sample of sixteen societies selected for investigation. Some details regarding the societies are given in Table 15.14.

**TABLE 15.14—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES IN MANDSAUR**

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital <sup>1</sup> (In thousands of rupees)	Working capital (In thousands of rupees)	Were there State nominees?	Did it have a full-time, paid and fully/partially trained secretary?	Year in which the society was formed/reorganized as a large size society
	1	2	3	4	5	6	7
M15	16	311	23 (10)	75	Yes	Yes	1956
M16	1	39	1	6	No	No	1957

(Source : General Supply Schedule No. 1)

Note :—Neither of the societies received either godown loans/subsidy or subsidy towards managerial staff during 1954-5 to 1956-7.

<sup>1</sup>Figures in brackets refer to State contribution to share capital.

Society M15 was formed in March 1956 by amalgamation of six societies with an erstwhile multi-purpose society. The new society was organized by the Co-operation Department without even making the necessary amendment in the by-laws apparently with a view to fulfilling the target. The paid-up share capital and working capital of the society was Rs 23,000 and Rs 75,000, respectively. This was the only society which received State contribution to share capital during 1956-7 and on the Managing Committee of which State nominees were appointed. It employed a full-time trained secretary.

The other large size society, namely, Society M16, was registered in May 1957; but the actual amalgamation of the erstwhile multi-purpose society with twenty other societies took place towards the end of June 1957. Thus, during the Survey year this society was functioning as a small size society. The paid-up share capital and working capital of the society was Rs 1,000 and Rs 6,000, respectively.

#### 15.4.9 Gaya

No pilot project of the Integrated Rural Credit Scheme was undertaken in the district; however, five large size societies were organized by June 1957 all of which were located in the National Extension Service areas.

Of the five large size societies in the district, three were included in the sample of eighteen societies selected for study. All the three selected societies were formed by amalgamation of 21 societies. None of them received State contribution to share capital, godown loans or management subsidy. In two large size societies, in addition to honorary secretaries, there were trained managers on deputation from Government. Details regarding the selected large size societies are given in Table 15.15.

TABLE 15.15—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES  
IN GAYA

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital (In thousands of rupees)	Working capital (In thou- sands of rupees)	Did it have a full-time, paid and fully/parti- ally trained secretary ?	Year in which the society was formed/ reorganized as a large size society
	1	2	3	4	5	6
G12	10	65	2	2	Yes <sup>1</sup>	1957
G13	8	55	0.3	4	No	1957
G15 <sup>2</sup>	11	74	1	10	Yes <sup>1</sup>	1957

(Source : General Supply Schedule No. 1)

Note :— None of the societies had received either State contribution to share capital or loans/ subsidies for godown; all the three societies were formed by amalgamation.

<sup>1</sup>A trained official was sent on deputation from State Government as manager of the society; in addition there was, honorary secretary who was a member of the society.

<sup>2</sup>Organized by conversion but subsequently in July 1957 a formal decision to merge another society was taken. Data relate to one society only.

Society G12, organized through merger of ten societies in February 1957, covered 10 villages and had a membership of only 65 in June 1957. No detailed records regarding the working and financial operations of the merged societies were available. The paid-up share capital of the society was Rs 2,000; the working capital consisted mostly of paid-up share capital. The society did not report any borrowings from the central bank nor did it advance any loan in 1956-7. It had not started functioning as a large size society till June 1957.

Society G13, organized through merger of nine societies and registered in April 1957, had not started functioning as a large size society till June 1957. The paid-up share capital of the society was Rs 267, and the working capital amounting to Rs 4,420 consisted of Rs 273 in the form of owned funds and Rs 4,147 in the form of 120 bags of fertilizers borrowed from the central bank. It advanced only loans in kind (fertilizer) in 1956-7 under the *Credit Agricole* Scheme. Fertilizer loans to the extent of Rs 2,348 were distributed as loans to members, obviously on a very arbitrary basis as no regular loan applications were called for from them. The remaining part was sold against cash payment. All the outstanding fertilizer loans in June 1957 were overdue. Apparently, this society also did not work as a large size society.

Society G15, reorganized as a large size society in January 1957, was merged with another society after June 1957. The paid-up share capital and working capital of the society was Rs 1,000 and Rs 10,000, respectively, as at the end of June 1957. It advanced short-term fertilizer loans as well as medium-term cash loans for purchase of bullocks.

Thus, it was observed that none of the three selected large size societies had started functioning as such; supply of fertilizer loans and sale of fertilizers for cash payment under the *Credit Agricole* Scheme was their major activity. As stated earlier, the loan policy of the central bank was not reoriented on the lines of the crop loan system and cash loans were granted generally for medium-term purposes. Under the circumstances, the financially weak central banks, preoccupied as they were with trading activities under the *Credit Agricole* Scheme, did not perform the pivotal role ascribed to them in the Integrated Rural Credit Scheme and the performance of large size societies was no better than that of small size societies.

#### 15.4.10 Nadia

In Nadia district, though there was no pilot project of the Integrated Rural Credit scheme, thirteen large size societies were organized in pursuance of the district co-operative development plan. Generally, the erstwhile multi-village, multi-purpose limited liability societies, covering one or more Unions<sup>1</sup>, were selected for conversion into large size societies. There were usually some societies, many of which were dormant, within their jurisdiction, but they were not merged with the newly

<sup>1</sup>The Union, constituted under the Bengal Village Self-Government Act, 1919, was a group of villages, and generally had a 'Union Board' consisting of elected members for undertaking activities such as construction of roads and bridges, maintenance of ferries, village ponds, primary schools, dispensaries, village sanitation, etc.



organized large size society. Their members were permitted to join the new society. After the organization of a large size society, the officials of the Co-operation Department generally discouraged the central banks from financing other societies, i.e., societies other than the one selected for conversion into a large size society.

Of the thirteen large size societies in the district, two were included in the sample of sixteen selected societies. Neither of the two selected large size societies received any State contribution to share capital; one had received godown loan/subsidy and both had received management subsidy. Details regarding the societies are given in Table 15.16.

TABLE 15.16—SOME DETAILS ABOUT SELECTED LARGE SIZE SOCIETIES  
IN NADIA

(As at the end of June 1957)

	Number of villages under jurisdiction	Number of members	Total paid-up share capital (In thou- sands of rupees)	Working capital (In thou- sands of rupees)	Godown loans/ subsidy received <sup>1</sup> (In rupees)	Did it have a full-time, paid and fully/ partially trained secretary?	Year in which the society was formed/ reorgani- zed as a large size society
	1	2	3	4	5	6	7
N14 <sup>2</sup>	15	402	11	52	—	Yes <sup>3</sup>	1957
N15 <sup>2</sup>	12	407	6	22	(1,250) 10,000 (300)	Yes <sup>3</sup>	1957

(Source : General Supply Schedule No. 1)

Note :— Neither society received State contribution to share capital nor did they have State nominees.

<sup>1</sup> Figures within brackets indicate management subsidy received during 1954-5 to 1956-7 in rupees.

<sup>2</sup> Formed by conversion.

<sup>3</sup> In addition to a secretary, there was a full-time, paid and trained manager.

Society N14 was formed by conversion of the erstwhile multi-purpose society into a large size society in February 1957. Of the six societies within the jurisdiction of the newly organized large size society which extended over fifteen villages, five were practically dormant; no new loans were advanced to the societies by the central banks. Although members of these six societies were permitted to join the newly organized large size society, the issues regarding double-membership and the dues of members to the small size societies were left unsettled. The paid-up share capital and working capital of this society was Rs 11,000 and Rs 52,000, respectively. The society employed a full-time trained manager.

Society N15 was organized in 1957 through conversion of an erstwhile multi-purpose society. There were three societies in the area of operation of this society which extended to twelve villages. The paid-up share capital and working capital of the society was Rs 6,000 and Rs 22,000, respectively. The society received a godown loan subsidy of Rs 10,000 but the secretary, who was a big cultivator-cum-cloth merchant and who owned a godown, tried to discourage the members from constructing a godown. But when it was decided to construct a godown because of insistence of the members, the secretary tried to sell to the society a plot owned by him at a very high price, but the manager, who was the full-time paid employee of the society, arranged with the assistance of Inspector of Co-operative Societies to purchase another plot at a lower price in spite of the opposition from the members of the Managing Committee who supported the secretary. Before purchasing this plot, the honorary secretary used temporarily a portion of the godown loan for repaying the dues to the central bank. But for the efforts of the full-time trained manager, the society would have become dormant.

It will be seen from the foregoing discussion that large size societies were organized through conversion of the erstwhile multi-purpose, multi-village societies, but the societies in the area of operation of the large size societies, most of which were in any case dormant, were not merged with the latter. It was seen earlier that 81 per cent of the societies in Nadia were dormant. There was, however, no change either in the loan policy of the central banks or in the pattern of allocation of functions regarding audit, supervision and inspection. Thus, it is not possible to make a valid comparison of the performance of large size societies with that of small size societies.

#### 15.4.11 Organization of large size societies and State aid

Sizeable efforts at reorganizing the primary credit structure and at implementing the Integrated Rural Credit Scheme were made only in five of the eleven districts, viz., Broach, East Khandesh, Dharwar, Coimbatore and West Godavari. The proportion of large size societies to the total number of societies in the above-mentioned districts ranged from 59 per cent in Broach to 2 per cent in Coimbatore. In the other five districts (there were no agricultural credit societies in Bikaner), the number of large size societies was very small, there being none in Etawah, only five each in Mandsaur and Gaya, ten in Ferozepur and thirteen in Nadia. Further, in many districts, no efforts were made at reorienting the loan policy of the central bank or at providing trained managerial services to primary credit societies.

Though in some districts, as for instance, West Godavari and Broach, systematic efforts at organizing large size societies were made, in others, such societies were created by just re-registering the erstwhile small size societies. Except for a change in the nomenclature, no efforts at reorienting the working of the societies were made. In some large size societies, at the time of reorganization of the erstwhile small size societies, adequate efforts were not made at settling outstanding issues, as for example, disputes between members, settlement of accounts, longstanding overdues, faced by the erstwhile small size societies. Thus many so-called large size

societies did not get a clean start. The data collected in the Survey also do not indicate that only those small size societies which were better off were selected for merger or conversion into large size societies. The selection of societies for conversion or merger was done more or less on *ad hoc* basis.

The type of State aid received upto June 1957 by the 49 selected large size societies is indicated in the summary statement below:

		NUMBER OF SOCIETIES			
		IN WHICH THERE WAS STATE CONTRIBUTION TO SHARE CAPITAL		IN WHICH THERE WAS NO STATE CONTRIBUTION TO SHARE CAPITAL	
		There were State nominees	There were no State nominees	There were no State nominees	There were State nominees in anticipation of State contribution to share capital
Not receiving godown loans	Not receiving management subsidy	1	—	7	4
	Receiving management subsidy	7	1	6 <sup>1</sup>	5 <sup>2</sup>
Receiving godown loans	Not receiving management subsidy	2	—	1	1
	Receiving management subsidy	5	1	6	2 <sup>3</sup>

<sup>1</sup> Two societies were managed by trained managers on deputation from and paid by Government.

<sup>2</sup>In two societies, free services of Co-operative Inspectors were made available.

<sup>3</sup>Free services of Co-operative Inspectors were made available.

Many large size societies did not receive upto June 1957 all the types of State aid envisaged in the Integrated Rural Credit Scheme. Further, as seen earlier, of the 49 societies, only 24 societies had worked as large size societies for more than one year, while 9 had worked for 6 months to 1 year and 16 societies for less than 6 months; seven societies were technically treated as large size societies as at the end of June 1957, but they had not even started functioning as large size societies. Thus, while comparing the performance of small size societies with that of large size societies, the circumstances in which the individual large size societies were operating should be taken into consideration.

## 15.5 JURISDICTION AND MEMBERSHIP

The discussion in this section relates to size of a society and distribution and growth of membership. The size of society, as measured in terms of the number of villages under its jurisdiction, the number of rural cultivating families residing within its jurisdiction and the number of members as at a point of time is studied in the first three sub-sections of this section. Figures regarding the percentage of families covered are analysed in sub-section 15.5.4, while distribution of membership according to size of cultivated holding and ownership status are discussed in sub-sections 15.5.5 and 15.5.6. The growth of membership as indicated by percentage increase in membership in 1956-7 over 1954-5 is studied in the last sub-section of the chapter.

## 15.5.1 Number of villages covered

Of the 171 societies studied, 28 societies were in villages with two or more societies each, 80 were one-village societies, while in 25 societies the jurisdiction extended to two to three villages (Table 15.17 and Appendix Tables 15.1 to 15.10). Four to

TABLE 15.17 DISTRIBUTION OF SELECTED SOCIETIES ACCORDING TO NUMBER OF VILLAGES IN THE JURISDICTION

(As at the end of June 1957)

	NUMBER OF SOCIETIES WITH JURISDICTION OF					Total number of societies
	Societies in multi-society villages	One village	Two to three villages	Four to seven villages	Eight villages and above	
	1	2	3	4	5	6
Brouch	4 <sup>1</sup> (1)	3	1	5	3	16 (1)
East Khandesh	—	7	6	1	—	14
Dharwar	2 <sup>2</sup>	4	4 (1)	4	2	16 (1)
Coimbatore	—	8	7 (1)	4	—	19 (1)
West Godavari	—	3	3	7	6	19
Ferozepur	8 <sup>3</sup> (4)	12 (2)	—	—	—	20 (6)
Etawah	—	17	—	—	—	17
Mandsaur	2	11	2	—	1	16
Gaya	6 (5)	7 (5)	2 (1)	—	3	18 (11)
Nadia	6 (5)	8 (6)	—	—	2	16 (11)
Total	28 (15)	80 (13)	25 (3)	21	17	171 (31)

(Source : General Supply Schedule No. 1)

Note :—Figures within brackets indicate dormant societies.

<sup>1</sup>Includes a large size and a small size society covering 23 and 4 villages, respectively.<sup>2</sup>One of the societies covered more than one village under its jurisdiction.<sup>3</sup>Of these, three societies covered only a part of the village each.

seven villages comprised the jurisdiction of 21 societies, and in 17 societies, the jurisdiction extended to eight or more villages. Of the 31 societies which were dormant, 15 were operating in multi-society villages and 13 were single-village societies.

In Broach, of the ten societies, including those operating in multi-society villages with jurisdiction extending over four villages or more, eight were large size societies, but in only three societies jurisdiction was extended through amalgamation as a part of the pilot project. In East Khandesh, on the other hand, all the seven societies whose jurisdiction extended over two villages or more did not show any change after the launching of the pilot project. Of the six societies with jurisdiction over four villages or more in Dharwar, five were large size societies but there was an increase in the jurisdiction of only three societies. Even before the initiation of the pilot project, there were some multi-village societies in Broach, East Khandesh and Dharwar because of the Government policy of organizing of group multi-purpose societies. In Coimbatore and West Godavari, each of the societies except one, with an area of operation of four or more villages, was a large size society organized mainly through amalgamation of small size societies. All the selected large size societies in Ferozepur were one-village societies. In Mandsaur, Gaya and Nadia, all the societies with jurisdiction over more than four villages were large size societies.

Thus, it may be said that in Broach, East Khandesh and Dharwar, there was no significant expansion in the jurisdiction of societies as a result of their conversion into large size societies. But in Coimbatore and West Godavari there was a significant increase in the number of villages in the jurisdiction of many societies as a result of reorganization into large size societies. In Ferozepur, the organization of large size societies led to organization of one-village societies in the case of societies in multi-society villages. There was no large size society in Etawah. In the case of Mandsaur, Gaya and Nadia, though the number of large size societies was very small, jurisdiction of some of the large size societies extended over more than seven villages.

#### 15.5.2 Number of rural families covered

Of the 171 selected societies, in seventeen societies, the number of rural<sup>1</sup> families within their jurisdiction was more than 2,000 and in eighteen societies, the jurisdiction extended to 1,000 to 1,999 rural families (Table 15.18).

Except in Broach, Dharwar, Coimbatore, West Godavari and, to some extent, Nadia, the number of societies with jurisdiction extending over 1,000 or more rural families was relatively small. A point to be noted in this connexion is that in the case of some societies, as for instance, Society B15 from Broach, Society D12 from

<sup>1</sup>The estimates of number of rural families are arrived at by dividing the total number of persons residing in 1951 within the area of operation of the society by five which was assumed to be the average size of a family.



societies had membership between 50 and 99, and 37 societies had less than 50 members. Among the 171 selected societies, membership was less than 30 in one society each from Broach, Coimbatore and Etawah, five societies from Ferozepur, seven societies from Mandsaur, eight societies from Gaya and ten societies from Nadia.

TABLE 15.19—DISTRIBUTION OF SELECTED SOCIETIES ACCORDING TO MEMBERSHIP

(As at the end of June 1957)

		Number of dormant societies	NUMBER OF SOCIETIES IN WHICH THE MEMBERSHIP WAS					Total number of societies
			Less than 50	50 to 99	100 to 199	200 to 499	500 and above	
			1	2	3	4	5	
Broach	Large size	—	—	2	2	5	1	10
	Small size	1	3	—	2	—	—	6
East Khandesh	Large size	—	—	—	2	1	—	3
	Small size	—	2	8	1	—	—	11
Dharwar	Large size	—	—	—	1	4	2	7
	Small size	1	—	4	4	—	—	9
Coimbatore	Large size	—	—	—	—	2	2	4
	Small size	1	2	4	7	1	—	15
West Godavari	Large size	—	—	—	—	2	12	14
	Small size	—	—	—	3	1	1	5
Ferozepur	Large size	—	—	—	3	1	—	4
	Small size	6	5	3	1	1	—	16
Etawah	Large size	—	6	7	4	—	—	17
	Small size	—	1	—	—	1	—	2
Mandsaur	Large size	—	13	1	—	—	—	14
	Small size	—	—	3	—	—	—	3
Gaya	Large size	11	4	—	—	—	—	15
	Small size	—	—	—	—	2	—	2
Nadia	Large size	—	—	—	—	—	—	—
	Small size	11	1	—	2	—	—	14
Total	Large size	—	1	5	8	18	17	49
	Small size	31	36	27	24	3	1	122

(Source : General Supply Schedule No. 1)

Of the eighteen societies with membership of 500 and above, seventeen were large size societies; twelve of these societies were from West Godavari, two each from Dharwar and Coimbatore and one from Broach. One small size society from West Godavari was also included in this group.

Only one society in Broach, i.e., Society B2, had membership of 781 spread over 23 villages. In the headquarters village, the proportion of members to total number of cultivating families was about 100 per cent, while in three other non-headquarters villages, it was more than 80 per cent.

All the selected societies in Ferozepur and Etawah were one-village societies. In Mandsaur, the large size society, M15, had sixteen villages within its jurisdic-

tion but the total membership was 311, and 42 per cent of the cultivating families were members.

In Gaya, large size societies G12, G13 and G15 had ten, eight and eleven villages, respectively, within their jurisdiction; the membership was 65, 55 and 74, respectively.

Before proceeding to a detailed discussion on the distribution of membership in the next sub-section, it may be useful to analyse the district averages in respect of membership of primary societies, which are presented in Table 15.20.

TABLE 15.20—MEMBERSHIP PER SOCIETY—1956-7

	Consolidated statistical statements data	ISS (I) DATA		GSS (I) DATA			
		Large size societies	Small size societies	Working societies in villages selected for demand-side investigation	All the selected working societies	AVERAGE NUMBER OF BORROWING MEMBERS PER SOCIETY	
						Societies in villages selected for demand-side investigation	All the selected societies
	1	2	3	4	5	6	7
Broach	123	153	76	210	214	125	126
East Khandesh	95	94 <sup>1</sup>		99	99 <sup>2</sup>	70	70 <sup>2</sup>
Dharwar	135	252	104	176	248	54	73
Coimbatore	112	512	108 <sup>6</sup>	147	201	64	95
West Godavari	448	765 <sup>3</sup>	203 <sup>6</sup>	692	732	355	414
		1164 <sup>6</sup>					
Ferozepur	43	45 <sup>1</sup>		94	106	51	57
Etawah	40	—	48 <sup>4</sup>	55	73	29	39
			46 <sup>5</sup>				
Mandsaur	27	409	25	30	48	15	27
Gaya	30	—	38	36	46	20	30
Nadia	41	417	174	75	225	—	50

<sup>1</sup>Data separately for large and small size societies were not available.

<sup>2</sup>Only societies in the demand-side villages were studied; no society was purposively selected for study.

<sup>3</sup>Operating in the pilot project area.

<sup>4</sup>Operating in the Mahewa Development Block area.

<sup>5</sup>Operating in other area.



A feature important from the methodological point of view is that the average for all the selected societies in a district is in general agreement with the average for societies in villages selected for demand-side investigation in all the districts except Nadia. The average for societies situated in villages selected for demand-side investigation in Nadia was low because most of the societies were dormant. In the subsequent discussion, the district averages for all societies together are generally referred to, except in cases where there are marked variations between the average for the societies in the villages selected for demand-side investigation and the district average.

Details regarding the number of members per 100 rural families residing in the area of operation of selected societies in 1954-5 and in 1956-7 are given in Appendix Tables 15.1 to 15.10. Though, as a general rule, it cannot be stated that there was marked difference between large size and small size societies with regard to proportion of members to total number of rural families in the jurisdiction, in some of the well-managed large size societies which had worked for a fairly long duration, the spread of membership was remarkable. The spread of membership, particularly in the case of multi-village societies in different villages, is discussed in detail in the next section.

#### 15.5.4 Distribution of membership in the jurisdiction of multi-village societies

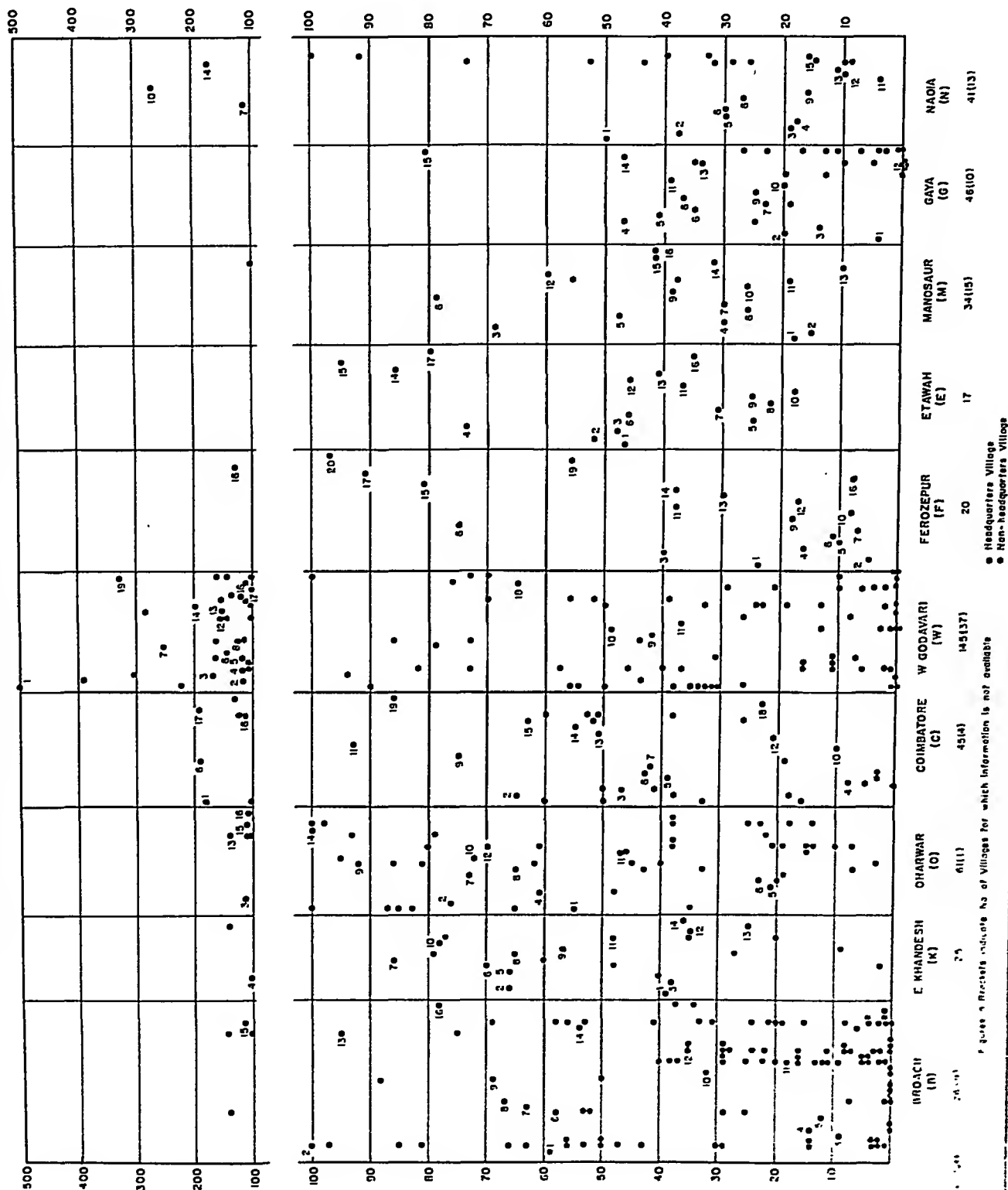
Graph I showing the number of members per 100 cultivating families in each of the villages under the jurisdiction of each one of the selected societies is attached.

The selected societies with their code numbers are shown along the X-axis while the proportion of members to cultivating families in each village is shown along the Y-axis. The figures relating to villages in which the headquarters of the societies were located are shown by red dots, while those relating to villages other than headquarters villages are shown by black dots. The graph needs to be studied not only in the light of data given in the earlier table but also in the context of the prevailing circumstances of each of the selected societies.

Whereas in Mandsaur, Gaya and Nadia membership of societies was restricted mostly to headquarters villages, the same was not equally true of other districts. The distribution pattern in the case of Broach, Dharwar, Coimbatore and West Godavari<sup>1</sup> brings out two salient features. Firstly, in several non-headquarters villages the coverage by co-operatives was higher than that in villages with headquarters and secondly, the spread of membership of the large size societies was larger in the headquarters villages, but was fairly well distributed over most of the villages within the jurisdiction. This variation in the pattern of distribution of membership over different villages between the two groups of districts is very significant.

<sup>1</sup>In some districts, particularly West Godavari, the number of members per 100 rural cultivating families exceeds 100 because in the estimates of number of cultivating families, (based on 1951 Census) non-cultivating landowners and labourers are not included.

**NUMBER OF MEMBERS OF PRIMARY AGRICULTURAL CREDIT SOCIETIES PER 100 CULTIVATING FAMILIES  
IN THE VILLAGES WITHIN THE JURISDICTION OF THE SELECTED SOCIETIES**





Whereas the pattern of distribution of membership in the different villages needs to be studied in the light of the extent to which multi-village societies (or large size societies as the case may be) functioned for a reasonable length of time, a study of societies with membership of less than 50 presents an interesting contrast from the point of view of studying the special circumstances influencing the working of small size societies.

It will be seen from Table 15.19 that 37 societies had less than 50 members. Of the three societies in Broach, two were in multi-society villages while the third (Society B7) was an unlimited liability type society. Society B3 whose membership was less than 30 was dormant. The former two societies were of the unlimited liability type, organized on communal lines; neither of the two societies borrowed from the central bank.

The two societies from Coimbatore under this category were C10 and C12; both were of the unlimited liability type and were badly managed. The former was dominated by moneylenders and was situated in a drought-affected area, while the latter was dominated by a big landlord, with his tenants as members of the society.

All the five societies from Ferozepur were small size societies. Number of members per 100 cultivating families was 24 in Society F1, 40 in F3, 11 in F6, 75 in F8 and 8 in F10. Society F6 was situated in a village in which another society was dormant. Though a relatively small proportion of members of the first four societies could obtain loans, the problem invariably was one of high overdues and of defaulters even among the Managing Committee members. In Society F10 which was situated in a multi-society village, the jurisdiction itself was very small. The six societies from Etawah were from areas outside the Mahewa Rural Credit Project area. All were single-village societies. Number of members per 100 cultivating families was 47 in Society E1, 52 in E2, 25 in E5, 31 in E7, 18 in E10 and 37 in E11. Three of these societies were managed by honorary secretaries and two by part-time paid or group secretaries. In the remaining one, there was no secretary at all. All the societies were generally badly managed.

Fourteen societies from Mandsaur had membership of less than 50. Three of these, viz., Societies M3, M4 and M13 had a membership of less than twenty. Almost all the societies with membership of less than 50 were of the unlimited liability type societies with jurisdiction over one village; of these, two were functioning in one village. In Gaya, Societies G1, G5, G7 and G14 were of the limited liability type. Society G7 had two villages in its jurisdiction, while the other three had one village each in their jurisdiction. Society G5 was situated in a village where there were three dormant societies as well. In Nadia, the unlimited liability type Society N7 had a membership of 43, and another society in the village was dormant.

Generally speaking, in those societies where the total membership was small, the management was in the hands of the honorary secretaries, the liability of the

members was unlimited, the area of operation was very limited and the Managing Committee was dominated by vested interest groups.

#### 15.5.5 Membership among small cultivators

A study of distribution of membership among different types of cultivators is possible only on the basis of data collected for the demand-side investigation. Classification of members according to the size of cultivated holding, by itself, cannot indicate the extent to which small cultivators were brought within the fold of co-operatives. It is necessary to calculate the proportion of small cultivators who were members to the total number of small cultivators in the village. The figures thus compiled for the district as a whole on the basis of demand-side data are given in Graph II. The graph also shows other indicators like proportion of families borrowing from co-operatives, proportion of borrowings from co-operatives to total borrowings, etc., separately for large, medium and small cultivators.

TABLE 15.21—MEMBERSHIP OF CO-OPERATIVES AMONG THE FOUR GROUPS OF CULTIVATORS—1956-7

	PROPORTION OF MEMBERS OF CO-OPERATIVES TO TOTAL NUMBER OF CULTIVATORS IN THE GROUP (Per cent)			
	Big	Large	Medium	Small
Broach	72	59	31	14
East Khandesh	69	63	41	19
Dharwar	66	57	41	28
Coimbatore	35	30	23	16
West Godavari	45	38	27	21
Ferozepur	31	27	21	15
Etawah	30	34	22	22
Mandsaur	28	29	24	18
Gaya	20	16	10	2
Nadia	22	19	15	10

(Source : Listing Schedule)

The spread of membership among the bigger cultivators was greater than that among the smaller cultivators, as will be seen from Table 15.21.

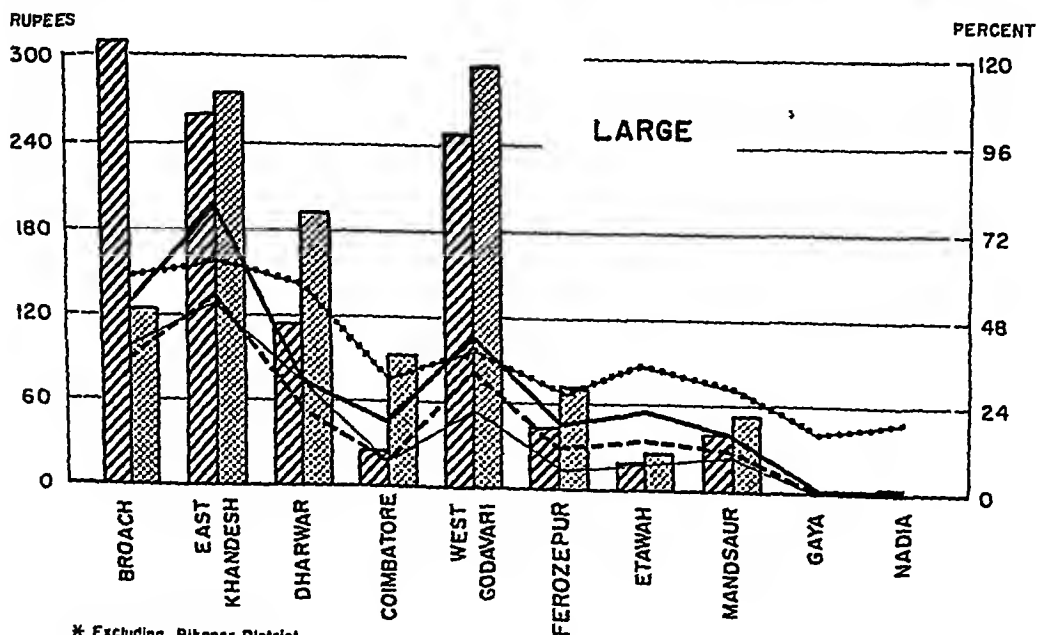
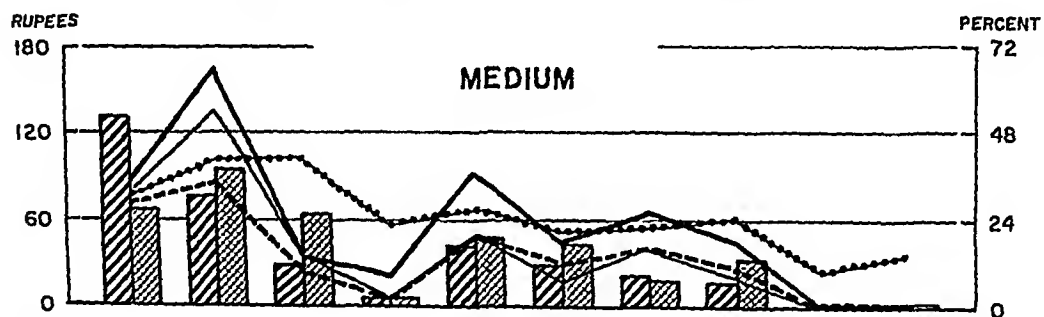
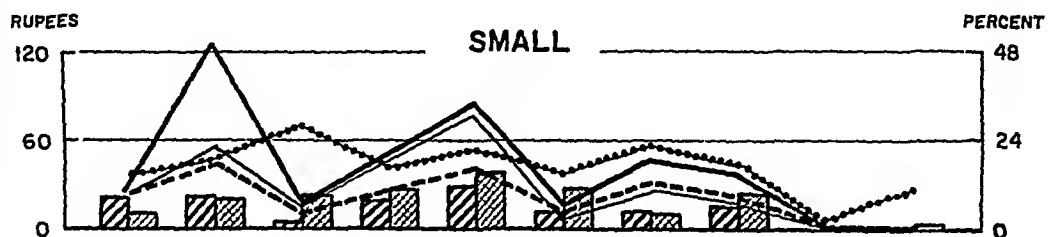
In Dharwar, West Godavari and Etawah, more than 20 per cent of the small cultivators were members of co-operatives. Except in Gaya where only 2 per cent of the small cultivators were members of co-operatives, in other districts, between 10 per cent and 20 per cent of the small cultivators were members of co-operatives.

Details in respect of villages selected on the demand-side classified into two groups viz., (1) those covered by small size societies and (2) those covered by large size societies, are given in Appendix Table 15.11. The proportion of members to small cultivators in each of the villages is given according to the ascending order of

GRAPH II

# Importance of Co-operative Credit in different decile groups of cultivators in the districts selected for the Survey \*

Proportion of members to the total number of cultivators in the decile group.....  
 Proportion of cultivating families borrowing from co-operatives.....  
 Proportion of cultivating families borrowing from co-operatives to total number of cultivating families  
 borrowing from all agencies.....  
 Proportion of borrowings from co-operatives to total borrowings from all agencies.....  
 Average borrowings from co-operatives per cultivating family in Rupees.....  
 Average debt owed to co-operatives per cultivating family in Rupees.....



\* Excluding Bikaner District



the proportion of members to the total number of small cultivators. Though it cannot be said that large size societies as a rule had reached small cultivators to a greater extent than the small size societies, the performance of some of the large size societies, as for instance, Society B2 from Broach and W2 from West Godavari where 52 per cent and 60 per cent, respectively, of the small cultivators in the selected villages were members of co-operatives, indicates the extent to which notable progress can be achieved within a relatively short time, provided the societies are well managed.

#### 15.5.6 Membership among tenants

Data relating to land ownership status and membership of co-operatives on the basis of district figures were discussed in Section 15.1 of this chapter. Generally speaking, tenants were not brought within the fold of co-operatives to the same extent as owner-cultivators and owner-cum-tenant-cultivators. Details for villages covered by large size and small size societies separately are given in Appendix Table 15.12. Whereas in some villages covered by large size societies from Broach and West Godavari, more than 40 per cent of the tenants were members of co-operatives, in the case of some other villages under the jurisdiction of large size societies, the performance was relatively less satisfactory.

### 15.6 GROWTH OF MEMBERSHIP

It was seen in Section 15.1 that the percentage increase in membership in the district as a whole during the period 1954-5 to 1956-7 (Table 15.1) was the highest at 106 in West Godavari. In Etawah, though the percentage increase in membership was 51, only 27 per cent of the rural cultivating families were members of co-operatives in 1956-7 and only 14 per cent of families reported borrowings from co-operatives; the apparently large increase in membership is not significant as the total membership itself was relatively small.

Details regarding the relative increase in membership are given in Appendix Table 15.13. The data from three different sources, viz., consolidated statistical statements, ISS (1) schedules for about 200 societies and GSS (1) schedules for about 16 selected societies are given for each district. The data in respect of selected individual large size societies are also given so as to facilitate comparison between large size societies and all the societies together.

West Godavari and Etawah are the two districts in which the growth of membership appeared to be marked. However, even after 51 per cent increase in membership in Etawah, the proportion of cultivating families reporting borrowings from co-operatives according to GDS(1) data was only 14 per cent. Thus, the extent of increase in membership, by itself, is of no particular significance. On the other hand, the percentage increase in membership in West Godavari was as high as 106. In all other districts except Gaya, the percentage increase in membership ranged from 16 to 30 per cent. In Broach, there was no difference between the increase in membership of large size and small size societies as both large size and small size societies appeared to have



benefitted by the liberalization of the loan policy. In Dharwar, Coimbatore and West Godavari, the performance in this regard was perhaps better in the large size societies than in the small size societies. The number of large size societies in other districts was too small to enable a valid comparison.

For a correct assessment of the growth of membership, it is necessary to analyse the society-wise data (Table 15.22) collected in General Supply Schedule No. 1 for the selected societies.

TABLE 15.22—INCREASE/DECREASE IN MEMBERSHIP OF SELECTED SOCIETIES

	Number of societies organized after 30 June 1955	Number of societies in which there was decrease in membership in 1956-7 over 1954-5	NUMBER OF SOCIETIES IN WHICH PERCENTAGE INCREASE IN MEMBERSHIP IN 1956-7 OVER 1954-5 WAS				Number of dormant societies	Number of societies for which data were not available	Total number of selected societies
			Less than 10 per cent	BETWEEN		100 per cent and above			
				10 per cent to 49 per cent	50 per cent to 99 per cent				
	1	2	3	4	5	6	7	8	9
Broach	—	4	1	3	1	1	—	—	10
Large size	—	1	3	1	—	—	1	—	6
Small size	—	—	—	—	—	—	—	—	—
East Khandesh	—	—	1	1	—	1	—	—	3
Large size	—	2	—	7	2	—	—	—	11
Small size	—	—	—	—	—	—	—	—	—
Dharwar	—	—	3	1	2	1	—	—	7
Large size	—	—	5	3	—	—	1	—	9
Small size	—	—	—	—	—	—	—	—	—
Colmbatore	—	—	—	1	—	3	—	—	4
Large size	1	6	2	5	—	—	1	—	15
Small size	—	—	—	—	—	—	—	—	—
West Godavari	—	—	—	5	1	8	—	—	14
Large size	—	1	—	1	1	1	—	1	5
Small size	—	—	—	—	—	—	—	—	—
Ferozepur	—	—	—	3	—	1	—	—	4
Large size	—	3	2	1	2	—	6	2	16
Small size	—	—	—	—	—	—	—	—	—
Etawah	1	—	4	7	2	2	—	1	17
Small size	—	—	—	—	—	—	—	—	—
Mandsaur	—	—	—	2	—	—	—	—	2
Large size	2	1	2	3	2	2	—	2	14
Small size	—	—	—	—	—	—	—	—	—
Gaya	—	—	—	—	—	—	—	3	3
Large size	1	—	1	1	1	—	11	—	15
Small size	—	—	—	—	—	—	—	—	—
Nadia	—	—	—	1	1	—	—	—	2
Large size	—	—	—	3	—	—	11	—	14
Small size	—	—	—	—	—	—	—	—	—
Total	—	4	5	17	5	15	—	3	49
Large size	5	14	19	32	10	5	31	6	122
Small size	—	—	—	—	—	—	—	—	—

(Source : General Supply Schedule No. 1)

Of the 20 societies in which percentage increase in membership was 100 and above, fifteen were large size societies. Of these large size societies, the percentage increase in membership exceeded 400 in two societies, ranged between 300 and 400 in two, between 200 and 300 in one and between 100 and 200 in the remaining societies. Only in five small size societies—one from West Godavari, two from the Mahewa Rural Credit Project area in Etawah and two from Mandsaur—the percentage increase exceeded 100.

A net decrease in membership, or no change, or less than 10 per cent increase in membership was observed in 42 societies. Of these, 33 were small size and 9 large size societies. Further details in respect of these societies are given in Appendix Table 15.14. Among the societies in Broach, the decline in membership in Society B1 was because of the insistence by the central bank on all borrowing members that they should sell their produce through co-operatives and in Society B6, it was due to reduction in the jurisdiction of the society. Society B8 was dominated by vested interests and did not really operate as a large size society during the Survey period. The decline in membership in Society B16 was largely due to resignation of many members of one of the amalgamated societies, who were opposed to the merger with another society dominated by traders. This society was selling cotton through private traders instead of through the marketing union. The increase in membership in Society B13 was very small because of party factions as a result of overlapping of functions between this and the marketing society and because some members of the merged societies were selling produce through other societies. Among the small size societies, Society B4 operated as a closed group, while Society B10 showed little progress because of mismanagement by the ex-secretary and group rivalries. In Society B7, the decline in membership was due to the insistence of the central bank on members to sell their produce through co-operatives. Party factions and bad management were the main reasons for the small increase in the membership of Society B9. In East Khandesh, the unlimited liability type Society K1, covering one village, showed little improvement in the financial position. The same was the case with Society K5. Society K11 which was converted into a large size society in June 1957 covered four villages but almost upto June 1957 it worked only as a small size society.

Among the three large size societies from Dharwar in which percentage increase in membership was less than 10, two societies, viz., D8 and D10, had defaulters on the Managing Committee; in the latter, the accounts of members relating to amounts repaid but misappropriated by the ex-honorary secretary, were not settled before reorganization of the society as a large size one. As a result, members lost confidence even in the reorganized society and finally some of the members withdrew their share capital. The third society, viz., D14, covered the majority of the rural families in the villages in its jurisdiction. Further, as some of the residents of the villages covered by this society were members of a nearby marketing society, scope for further increase in membership was restricted. Of the five small size societies from Dharwar, two, viz., Societies D2 and D3, were badly managed by the honorary secretary and the part-time paid secretary, respectively, while in Societies D9 and D2, the

secretaries themselves were defaulters. In Society D16, loans taken in the earlier years were not repaid because of the decline in the production of cotton and the society did not increase its membership; it could not also get adequate fresh finance from the central bank. In Society D5, situated in a multi-society village, there were party factions and the part-time secretary and the chairman did not enjoy the confidence of the members.

Among the societies in this category from the remaining districts, all of which were small size, some require special mention. Society C3 from Coimbatore was practically dormant in 1956-7. The society was managed by its president himself, there being no secretary. The ex-president of Society C12, which had practically stopped functioning, was a landlord and his tenants were members, as stated in Section 15.5.4. Society C7 was dominated by moneylenders. Society W7 from West Godavari was managed by an honorary secretary who was himself a trader. Society M5 from Mandsaur was managed by a group secretary and was working as a closed group, and disbursement of loans was not according to the rules and procedures laid down by the central bank.

Among the fifteen societies in which membership increase was between 50 per cent and 99 per cent, five were large size societies and ten were small size societies. Among the small size societies, Society W6 from West Godavari was a fairly well-managed society. On the other hand, in Society F6 from Ferozepur, the membership increased from 19 to 34, which is hardly remarkable considering the fact that there were 325 cultivating families in the village. Both the societies from Etawah (E4 and E17) were in the Mahewa Rural Credit Project area. In Mandsaur, the membership increased from 17 to 31 in Society M8 and 10 to 19 in Society M13, both of which were single-village societies and the number of cultivating families in the villages in their jurisdiction was 40 and 183, respectively. In Society G14 from Gaya, the membership increased from 14 to 21, registering an increase of 50 per cent. The membership being very small, the increase has no significance.

The more important reasons for a decline in membership were: (1) change in the area of operation, (2) insistence by the central bank that borrowers should sell their produce through co-operatives, (3) bad management and consequent misappropriations in societies managed by honorary secretaries and (4) improper allocation of funds received from the central bank among the members by the Managing Committee dominated by vested interest groups. Of the various reasons cited above, the most important was the unbusiness-like management by the honorary secretary of the society, which, because of its limited scale of operations, was not in a position to maintain a full-time trained secretary.

From the above discussion, it is evident that the decrease or increase in membership of different societies needs to be studied in the context of the peculiar circumstances or conditions obtaining in each case as also the proportion of cultivating families covered by co-operatives as at a point of time. There were, of course, a few small size societies, as for instance, W6 and W10 from West Godavari. E13 and E14 from Etawah, which had shown a notable increase in membership. But

in many other small size societies, the percentage increase in membership between 1954-5 and 1956-7 was not a good indicator for measuring the growth as the actual membership in 1954-5 itself was very low, and even with the increase in membership during the period, the proportion of cultivating families who were members of co-operatives was low.

On the other hand, the increase in membership of some of the large size societies, as for instance, B12 from Broach, K3 from East Khandesh, D12 from Dharwar, C1 and C16 from Coimbatore, W8 and W17 from West Godavari was much more striking. The fact that of the 20 societies in which there was an increase of 100 per cent or above, fifteen were large size societies which were well managed, generally by full-time trained secretaries, emphasizes the need for employing full-time trained secretaries for rapid expansion of co-operative credit.

The more important indicators used in the earlier discussion while assessing the performance of societies were : (1) proportion of members to cultivating families residing in the jurisdiction of a society, (2) proportion of members to cultivating families residing in villages other than the headquarters village, (3) proportion of members to small cultivators, (4) proportion of members to tenants and (5) percentage increase in membership. In respect of each of these indicators, it was noticed that averages arrived at on the basis of aggregates for a district or groups of societies (separately for large size and small size societies) do not always reveal the correct picture. Consequently, a detailed analysis of the data for individual societies, attempted in the foregoing paragraphs, was necessary.

To sum up,

(1) the proportion of cultivating families brought within the sphere of credit co-operatives as revealed by the Listing Schedule data was between 29 per cent and 42 per cent in districts (Broach, East Khandesh, Dharwar and West Godavari) where many features of the Integrated Rural Credit Scheme were introduced in the district co-operative development plans,

(2) though, in those large size societies which had received necessary State aid and were better managed and had worked as large size societies for a fairly long duration, the spread of membership was sizeable, as a general rule, their performance in regard to spread of membership among cultivators in general and small cultivators and tenants in particular was not always better than that of small size societies and

(3) while assessing the performance of primary societies, it is necessary to take into consideration not only the size of the society and quality of management but also other factors such as (i) the duration for which the society had worked as a business-like concern, (ii) the circumstances in which the society was placed at the time of organization or reorganization, (iii) loan policies and procedures obtaining in the district, (iv) the type of administrative arrangements regarding audit, supervision and inspection and (v) the extent of development of marketing societies and interlinking between credit and marketing. Some of these aspects are discussed in greater detail in the succeeding chapter.

## PRIMARY CO-OPERATIVE CREDIT SOCIETIES: FINANCIAL POSITION AND LOAN OPERATIONS

Discussion in this chapter relates to the financial position and loan operations of primary credit societies in the selected districts. The chapter is divided into five main sections. The first section deals with the financial position of the primary credit societies. The second section deals with loan operations and is divided into seven sub-sections dealing with magnitude of advances, trend in advances over three years, nature and composition of loans and advances, type of security, quantum of loan with particular reference to loan policy and procedure and adequacy or otherwise of loans, rates of interest, utilization of loans with particular reference to the arrangements for supervision and audit, and the extent to which loans were utilized for the stipulated purposes. The discussion in the third section relates to the status of secretaries and management of societies; the fourth section deals with recovery of loans and the fifth with some important indicators of relative performance of primary credit societies.

### 16.1 FINANCIAL POSITION

The financial position of the primary societies in Broach, East Khandesh, Dharwar and West Godavari was relatively better than in other districts as would be seen from Table 16.1.

TABLE 16.1—FINANCIAL POSITION OF PRIMARY AGRICULTURAL CREDIT SOCIETIES—1956-7

	ALL SOCIETIES (IN LAKHS OF RUPEES)		AVERAGE PER MEMBER		AVERAGE PER 100 RURAL CULTIVATING FAMILIES <sup>1</sup>				Increase in working capital in 1956-7 over 1954-5 (Per cent)
	Paid-up share capital	Working capital	Paid-up share capital	Working capital	Paid-up share capital	Statutory reserves and other funds	Deposits	Working capital	
	1	2	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	9
Broach	34	151	120	533	4,713	2,106	2,149	20,881	70
East Khandesh	53	247	66	306	4,114	3,252	560	19,095	30
Dharwar	42	244	46	265	3,021	1,990	936	17,590	72
Coimbatore <sup>2</sup>	29	163	32	183	1,182	1,150	351	6,689	51
West Godavari	31	225	19	136	2,160	1,002	1,410	15,436	174
Ferozepur	17	80	38	174	1,216	888	594	5,588	48
Etawah	10	27	25	69	683	264	89	1,842	43
Mandsaur	5	40	29	236	571	764	84	4,617	100
Gaya <sup>3</sup>	3	13	7	30	85	47	23	375	30
Nadia	3	18	11	72	258	287	90	1,719	20

(Source : Consolidated Statistical Statements)

<sup>1</sup>Estimated for 1956-7 on the basis of 1951 Census.

<sup>2</sup>Data for earlier years (1954-5 and 1955-6) are not strictly comparable with those for 1956-7 because of changes in the district boundaries and re-classification of some societies (See footnote 3, Table 15.1).

<sup>3</sup>Data relate to 1,413 societies as against 1,504 societies in existence as at the end of June 1957.

During the period 1954-5 to 1956-7, the increase in the working capital of primary societies in Broach, Dharwar and West Godavari was greater than that in other districts. Similarly, average working capital per 100 rural cultivating families was

relatively high in these districts. In Mandsaur, although the percentage increase in working capital was high, the average working capital per 100 rural cultivating families was lower than that in the above three districts. Percentage increase in working capital as also the average working capital per member was relatively low in Etawah, Gaya and Nadia. Similar data relating to about 200 societies in each district collected in ISS(1) are presented in Table 16.2.

TABLE 16.2—PAID-UP SHARE CAPITAL, OWNED FUNDS AND WORKING CAPITAL OF PRIMARY AGRICULTURAL CREDIT SOCIETIES—1956-7

	AVERAGE PER MEMBER				AVERAGE PER SOCIETY			
	Paid-up share capital	Statutory reserves and other funds	Deposits	Working capital	Paid-up share capital	Statutory reserves and other funds	Deposits	Working capital
	(Rs) 1	(Rs) 2	(Rs) 3	(Rs) 4	(Rs) 5	(Rs) 6	(Rs) 7	(Rs) 8
Biroach								
Large size	129	53	66	571	19,714	8,144	10,112	87,380
Small size	98	65	27	410	7,468	4,926	2,042	31,174
East Khandesh								
All societies <sup>1</sup>	64	48	8	300	6,021	4,502	711	28,284
Dharwar								
Large size	52	32	23	312	12,991	7,989	5,851	78,491
Small size	41	25	7	224	4,228	2,560	711	23,343
Coimbatore								
Large size	32	21	5	190	16,284	10,677	2,729	97,268
Small size	33	33	2	184	3,507	3,554	182	19,839
West Godavari								
Pilot project area								
Large size	38	8	2	290	28,925	6,302	1,685	2,21,908
Other area								
Large size	74	23	75	398	86,210	27,295	86,885	4,63,303
Small size	14	8	2	132	2,842	1,631	319	26,842
Ferozepur								
All societies	40	29	14	175	1,778	1,296	617	7,851
Etawah								
Mahewa Development Block area								
Small size	26	12	3	88	1,234	569	135	4,235
Other area								
Small size	27	14	2	75	1,264	636	111	3,489
Mandsaur								
Large size	41	46	9	232	16,942	18,977	3,141	95,086
Small size <sup>2</sup>	28	40	6	238	707	1,007	161	6,032
Gaya								
Small size	9	3	1	27	349	95	39	1,011
Nadia								
Large size	24	2	—	151	10,196	854	—	62,825
Small size	13	6	4	47	2,250	1,029	661	8,112

(Source: Intensive Supply Schedule No. 1)

<sup>1</sup>Data for large size and small size societies are not separately available.

<sup>2</sup>Excludes data in respect of one merged society.

These data indicate that the financial position of societies in relation to the number of members, as for example, the average paid-up share capital per member, was generally better in large size societies than in small size societies.

Data indicating trends in the financial position of the two types of societies over the three years from 1954-5 to 1956-7, given in Table 16.3, show that the rate of growth was more striking in large size societies.

TABLE 16.3—PROGRESS OF SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES

	Number of societies studied	Average membership per society as in June 1957	PAID-UP SHARE CAPITAL PER MEMBER		WORKING CAPITAL PER MEMBER	
			1954-5 (Rs)	1956-7 (Rs)	1954-5 (Rs)	1956-7 (Rs)
	1	2	3	4	5	6
Broach						
Large size	131	153	97	129	406	571
Small size	92	76	89	98	361	410
East Khandesh						
All societies <sup>1</sup>	797	94	49	64	269	300
Dharwar						
Large size	117	252	36	52	194	312
Small size	142	104	36	41	185	224
Coimbatore						
Large size <sup>2</sup>	12	512	28	32	163	190
Small size	196	108	31	33	159	184
West Godavari						
Pilot Project area						
Large size <sup>2</sup>	37	765	27	38	210	290
Other area						
Large size	3	1,164	48	74	130	398
Small size	198	203	12	14	90	132
Ferozepur						
All societies	202	45	30	40	144	175
Etawah						
Mahewa Development Block area						
Small size	54	48	23	26	88	88
Other area						
Small size	121	46	22	27	78	75
Mandsaur						
Large size	2	409	20	41	137	232
Small size <sup>3</sup>	181	25	21	28	156	238
Gaya						
Small size	191 <sup>4</sup>	38	6	9	19	27
Nadia						
Large size	1	417	23	24	148	151
Small size	196 <sup>5</sup>	174	11	13	34	47

(Source: Intensive Supply Schedule No. 1)

<sup>1</sup>Data are not available separately for large size and small size societies.

<sup>2</sup>Figures for 1954-5 relate to the date of merger.

<sup>3</sup>Excluding data in respect of one merged society.

<sup>4</sup>Twenty-seven societies were either practically dormant or not fully organized and were not considered for tabulation.

<sup>5</sup>One hundred and forty-three societies were practically dormant and were not considered for tabulation.

As stated earlier, any comparison of financial position<sup>1</sup> of large size and small size societies is not valid in respect of districts such as Ferozepur, Mandsaur, Gaya and Nadia where large size societies were very few in number.<sup>2</sup> Despite this limitation in respect of some districts, it could be said on the basis of the financial position of

<sup>1</sup> The definition of working capital used in the Report is generally the same as that used for the "Statistical Statements Relating to the Co-operative Movement in India", i.e., working capital is taken to be the total of owned funds (paid-up share capital, reserve and other funds) and borrowed funds (loans held at the end of the year from state or central co-operative banks, Government and others) and deposits held at the end of the year from members, non-members and societies.

<sup>2</sup> See Table 15.4.

the two types of societies (as revealed by ISS(1) data) and the relative improvement in the financial position of the two types of societies over the three years from 1954-5 to 1956-7, that in Broach, Dharwar and West Godavari, the performance of large size societies was generally superior to that of the small size societies. In Coimbatore, however, there were no significant variations in the extent of improvement in the financial position of the two types of societies.

Frequency distribution of societies, covered through ISS(1), according to the size of working capital is given in Table 16.4.

TABLE 16.4—DISTRIBUTION OF SOCIETIES ACCORDING TO THE RANGE OF WORKING CAPITAL AS AT THE END OF JUNE 1957

	PROPORTION OF SOCIETIES IN THE SPECIFIED RANGE OF WORKING CAPITAL TO TOTAL NUMBER OF SOCIETIES (Per cent)						Total number of societies studied
	Less than Rs 2,000	Rs 2,000 to Rs 14,999	Rs 15,000 to Rs 24,999	Rs 25,000 to Rs 49,999	Rs 50,000 and above	Not considered for tabulation	
	1	2	3	4	5	6	
Broach							
Large size	—	—	1	21	79	—	131
Small size	5	25	20	38	12	—	92
East Khandesh							
All societies <sup>1</sup>	—	30	26	31	13	—	797
Dharwar							
Large size	—	3	6	23	68	—	117
Small size	—	44	21	28	7	—	142
Coimbatore							
Large size	—	—	—	8	92	—	12
Small size	5	45	24	19	7	—	196
West Godavari							
Pilot project area							
Large size	—	—	—	3	97	—	37
Other area							
Large size	—	—	—	—	100 <sup>2</sup>	—	3
Small size	10	46	15	15	14	—	198
Ferozepur							
All societies	10	80	8	2	1	—	202
Etawah							
Mahewa Development Block area							
Small size	26	74	—	—	—	—	54
Other area							
Small size	34	65	1	—	—	—	121
Mandsaur							
Large size	—	—	—	—	100 <sup>2</sup>	—	2
Small size	21	74	3	2	—	—	181
Gaya							
Small size	75	10	1	—	—	14	191
Nadia							
Large size	—	—	—	—	100 <sup>2</sup>	—	1
Small size	5	19	2	1	1	73	196

(Source : Intensive Supply Schedule No. 1)

<sup>1</sup>Data are not available separately for large size and small size societies.

<sup>2</sup>Number of large size societies in respect of which ISS(1) was filled in from West Godavari (non-pilot project area), Mandsaur and Nadia was three, two and one, respectively.



Large size societies in Broach and West Godavari had relatively large working capital. In many societies from Ferozepur, Etawah, Mandsaur, Gaya and Nadia, the size of working capital was relatively small. The proportion of large size societies having working capital of Rs 50,000 and above was 97 per cent in the pilot project area of West Godavari, 92 per cent in Coimbatore, 68 per cent in Dharwar and 79 per cent in Broach. The high average working capital per member as revealed by the Consolidated Statistical Statements data (Table 16.1) needs to be seen in the context of the relatively high proportion of large size societies in these districts. Frequency distribution data also indicate that there were some so-called small size societies, i.e., those which were not treated as large size societies by the Co-operation Department, which had working capital exceeding Rs 50,000; the proportion of such societies to the total number of selected societies was, however, rather small at 12 per cent in Broach, 7 per cent each in Dharwar and Coimbatore and 14 per cent in West Godavari (non-pilot project area).

#### 16.1.1 Financial position of selected societies

The averages based on data collected in GSS(1) for selected credit societies indicated generally a position similar to that revealed by the other two types of data, viz., ISS(1) and Consolidated Statistical Statements, as may be seen from Table 16.5 on page 403.

The financial position of societies in Broach, East Khandesh and Dharwar where the crop loan system was in operation and of those in West Godavari where the pilot project was being implemented on a significant scale, was generally superior to that of societies in other districts.

Out of 171 selected societies, 31 were dormant. Of the remaining 140 societies, in only 37 societies paid-up share capital and working capital was Rs 10,000 and above and Rs 40,000 and above, respectively (Table 16.6 on page 404). Of the 140 working societies, 39 large size societies and 5 small size societies had paid-up share capital of Rs 10,000 and above. Of the five small size societies, two were from Broach and one each from Dharwar, Coimbatore and Ferozepur. Societies B7 and B9 from Broach had jurisdiction over one village and four villages, respectively, and both were of unlimited liability type. A departmental enquiry was being conducted in Society B9. Society D3 from Dharwar was financially quite strong; it was a limited liability society covering one village. Society C15 from Coimbatore was an unlimited liability type society covering three villages. Society F11 from Ferozepur was an unlimited liability type society with jurisdiction over one village only.

There were also three large size societies which had paid-up share capital of less than Rs 1,000. These were Societies G13 and G15 from Gaya and Society M16 from Mandsaur. It may be noted, however, that these had hardly started working as large size societies and were in the process of reorganization as in June 1957.

TABLE 16.5—WORKING CAPITAL OF SELECTED SOCIETIES

(As at the end of June 1957)

	SOCIETIES IN VILLAGES SELECTED FOR DEMAND- SIDE INVESTIGATION		ALL THE SELECTED SOCIETIES				
	Average share capital per member (subscri- bed by members) (Rs)	Average working capital per member (Rs)	Average share capital per member (subscri- bed by members) (Rs)	Average working capital per member (Rs)	AVERAGE WORKING CAPITAL PER SELECTED SOCIETY IN JUNE		Increase in working capital in 1956-7 over 1954-5 (Per cent)
					1955	1957	
	1	2	3	4	5	6	7
Broach	130	594	127	592	61,609	1,26,545	105
East Khandesh	60	263	60	263	20,266	26,065	29
Dharwar	43	263	44	271	30,229	67,229	122
Coimbatore	33	187	32	190	19,789	38,290	98
West Godavari	27	229 <sup>2</sup>	37	310 <sup>2</sup>	72,341	2,27,116	214
Ferozepur	51	178	57	170	12,994	18,121	39
Etawah	26	71	31	77	4,548	5,619	30
Mandsaur	30	227	34	230	5,467	11,077	122
Gaya <sup>1</sup>	11	112	13	96	928	4,444	99
Nadia	9	71	22	107	19,026	24,013	26

(Source : General Supply Schedule No. 1)

<sup>1</sup>Averages per member are not strictly comparable with those based on ISS (1) data because the number of nominal members excluded from GSS (1) data was large.<sup>2</sup>Of the nineteen selected societies, ten were large size societies and four were rural banks. The averages based on GSS(1) data are, therefore, slightly higher than those based on CSS data.

Thus, an important feature revealed by the data in Table 16.6 is that some of the so-called large size societies from Gaya and Mandsaur had smaller working capital than some of the so-called small size societies from Broach, Dharwar, Coimbatore and Ferozepur. This, therefore, confirms the general proposition that comparison of performance of small size with large size societies merely on the basis of averages has very severe limitations.

A large size society according to the definition adopted by one of the co-operatively developed States was, as was seen earlier, one which had or was likely to have in the near future share capital of Rs 15,000 to Rs 20,000 and working capital of Rs 1 lakh to Rs 1.5 lakhs. Only 24 out of 49 selected large size societies from the nine districts had share capital and working capital exceeding Rs 15 thousand and Rs 1 lakh, respectively. Of these 24 societies, five were from Broach, four from Dharwar, two from Coimbatore and thirteen from West Godavari. Of the thirteen societies from West Godavari, four were rural banks and the remaining nine were located in the pilot project area in the district.

At the other end, in the case of sixteen small size societies and one large size society (from Gaya), the paid-up share capital and working capital was less than

TABLE 16.6—DISTRIBUTION OF SELECTED SOCIETIES ACCORDING TO PAID-UP SHARE CAPITAL AND WORKING CAPITAL AS AT THE END OF JUNE 1957

	Total number of selected societies	Number of dormant societies	PAID-UP SHARE CAPITAL LESS THAN Rs 1,000 AND		PAID-UP SHARE CAPITAL BETWEEN Rs 1,000 AND Rs 4,999 AND		PAID-UP SHARE CAPITAL BETWEEN Rs 5,000 AND Rs 9,999 AND		PAID-UP SHARE CAPITAL Rs 10,000 AND ABOVE AND	
			Working capital less than Rs 5,000	Working capital Rs 5,000 and above	Working capital less than Rs 20,000	Working capital Rs 20,000 and above	Working capital less than Rs 40,000	Working capital Rs 40,000 and above	Working capital less than Rs 40,000	Working capital Rs 40,000 and above
	1	2	3	4	5	6	7	8	9	10
Broach										
Large size	10	—	—	—	—	—	—	—	1	9
Small size	6	1	—	—	2	—	1	—	—	2
East Khandesh										
Large size	3	—	—	—	—	—	—	2	—	1
Small size	11	—	—	—	6	2	2	1	—	—
Dharwar										
Large size	7	—	—	—	—	—	1	—	1	5
Small size	9	1	—	—	1	3	3	—	1	—
Coimbatore										
Large size	4	—	—	—	—	—	—	2	—	2
Small size	15	1	1	1	8	3	—	—	—	1
West Godavari										
Large size	14	—	—	—	—	—	—	—	—	14
Small size	5	—	—	—	2	3	—	—	—	—
Ferozepur										
Large size	4	—	—	—	—	—	—	—	3	1
Small size	16	6	2	—	5	—	2	—	1	—
Etawah										
Small size	17	—	4	—	12	—	1	—	—	—
Mandsaur										
Large size	2	—	—	1	—	—	—	—	—	1
Small size	14	—	5	3	6	—	—	—	—	—
Gaya										
Large size	3	—	1	1	1	—	—	—	—	—
Small size	15	11	3	1	—	—	—	—	—	—
Nadia										
Large size	2	—	—	—	—	—	1	—	—	1
Small size	14	11	1	1	—	—	1	—	—	—
Total										
Large size	49	—	1	2	1	—	2	4	5	34
Small size	122	31	16	6	42	11	10	1	2	3

(Source : General Supply Schedule No. 1)

Rs 1,000 and Rs 5,000, respectively. These small size societies were from Coimbatore, Ferozepur, Etawah, Mandsaur, Gaya and Nadia. Society C10 with unlimited liability from Coimbatore was in the scarcity-affected area and had only 21 members; it did not advance any loan in 1955-6 and advanced only Rs 3,799 in 1956-7 to 18 members. Further, only 10 per cent of the cultivating families were its members who were not taking any interest in the affairs of the society. The society was managed by an honorary secretary and was not showing any improvement.

Two societies from Ferozepur, viz., Societies F6 and F10, were both unlimited liability type societies. The former society was organized in 1954 and had a total membership of 34 individuals; it issued only three loans in 1956-7. Some of the members including the president of the Managing Committee in power till 13 June 1957 were defaulters and hence, it did not get fresh finance from the central bank. Besides, the society was badly managed, and as it did not even employ an honorary secretary, the records were maintained by the Sub-Inspector of the Co-operation Department in charge of the society.

All the four societies from Etawah were from outside the Mahewa Rural Credit Project area. While Society E1, situated in the most backward area of the district, was dominated by *thakur* landlords, Society E5 had a moneylender on the Managing Committee. Society E6 was also dominated by *thakur* landlords and because of the overdues, no fresh finance was received from the central bank. Society E10, which was ridden by party factions, was dominated by the *sarpanch* who was himself a defaulter.

The five societies from Mandsaur were M2, M3, M4, M9 and M13. In Society M13, moneylenders were actually carrying on propaganda against the society. Societies M3 and M9 were newly organized with a membership of eleven and twenty, respectively, as at the end of June 1957 and had jurisdiction over a village each. Society M4 was managed by a chairman who was a village *patel* and a moneylender. Society M2 was ridden by party factions.

Of the four societies from Gaya, one large size society, viz., G13, was organized by amalgamation of nine small size societies. It had hardly started functioning as a large size society by June 1957 and its membership was only 55. The paid-up share capital was Rs 267 and the total working capital was Rs 4,420. Of the total working capital, Rs 4,147 were in the form of a loan of 120 bags of fertilizers received from the central bank. The society gave fertilizer loans only. Of the other three small size societies, in Society G1 which also issued fertilizer loans, the membership was restricted to the Rajput community. Likewise, Society G14 did no other business except distribution of fertilizer loans. Society G5, which did not give loans from 1954 to 1956 and which gave only 20 medium-term loans amounting to Rs 1,837 during 1956-7, was in a village in which there were four societies, three of which were dormant. Misappropriation by the ex-honorary secretary of Society N6 from Nadia affected its working adversely. The society was not managed properly.

From the above discussion, it will be seen that most of the societies with very poor financial position were one-village societies; they were either badly managed by the honorary secretaries or were dominated by vested interests like landlords, moneylenders, etc., or were in backward or scarcity-affected areas. In Gaya, where the central banks were preoccupied with the distribution of fertilizers, the working of primary societies was not satisfactory. This is evident from the fact that even the so-called large size society, viz., G13, was merely a fertilizer distributing agent.

## 16.1.2 Owned funds

Owned funds of primary agricultural credit societies per 100 rural cultivating families were about Rs 7,000 in Broach and East Khandesh as against Rs 5,000 in Dharwar, Rs 3,000 in West Godavari and a little over Rs 2,000 in Coimbatore (Table 16.1). The corresponding figure for Etawah, Gaya and Nadia was less than Rs 1,000, the lowest being for Gaya at Rs 132. Thus, the owned funds position was relatively better in those districts where reorganization of the primary credit structure was carried out on a significant scale. The data collected in GSS(1) and ISS(1) are given in Table 16.7.

The average owned funds per society amounted to Rs 40,378 in West Godavari, Rs 38,794 in Broach, followed by Dharwar, Coimbatore and East Khandesh; in other districts, the average owned funds per society were less than Rs 10,000. Average owned funds of societies per member were the highest at Rs 182 in Broach and Rs 103 in East Khandesh. The average owned funds of societies per member in Ferozepur and Mandsaur were slightly higher than those in Dharwar and Coimbatore. Generally

TABLE 16.7—OWNED FUNDS AS AT THE END OF JUNE 1957

(Amount in rupees)

	ISS(1) DATA		GSS(1) DATA			
	AVERAGE PER MEMBER		SOCIETIES OPERATING IN THE VILLAGES SELECTED FOR DEMAND-SIDE INVESTIGATION		ALL THE SELECTED SOCIETIES	
	Large size societies	Small size societies	Average owned funds per society	Average owned funds per member	Average owned funds per society	Average owned funds per member
	1	2	3	4	5	6
Broach	182	163	39,455	187	38,794	182
East Khandesh	112 <sup>1</sup>		10,250	103	10,250	103
Dharwar	83	65	13,413	76	17,109	69
Coimbatore	53	66	9,637	66	11,751	58
West Godavari	46 <sup>2</sup>	— <sup>2</sup>	28,082	41	40,378	55
	98	22				
Ferozepur		69 <sup>1</sup>	7,951	84	9,795	92
Etawah	—	37 <sup>3</sup>	1,930	35	3,077	42
		41				
Mandsaur	88	68 <sup>4</sup>	2,265	75	3,786	79
Gaya	—	12	445	12	688	15
Nadia	26	19	1,722	23	7,020	31

<sup>1</sup>Relates to all societies since data for large and small size societies are not separately available.

<sup>2</sup>Societies in the pilot project area.

<sup>3</sup>Societies in the Mahewa Development Block area.

<sup>4</sup>Excludes data in respect of a merged society.

speaking, it may be said that the owned funds position of societies from Broach and East Khandesh was relatively better than that in other districts. Further, the large size societies in Broach, Dharwar and West Godavari appeared to have larger owned funds in relation to their membership than the small size ones.

### 16.1.3 Deposits

Primary credit societies were able to mobilize deposits on a sizeable scale in Broach, West Godavari, East Khandesh, Dharwar and Ferozpur (Table 16.8). Deposits per 100 rural cultivating families in Broach were nearly four times those in East Khandesh and Ferozpur and more than twice those in Dharwar. Thus, it may be said that in Broach where the crop loan system was in operation, where more than one-third of the total cotton produced by cultivators was sold through co-operatives and where 59 per cent of the primary societies were large size societies, the co-operatives were able to mobilize deposits on a substantial scale.

TABLE 16.8—DEPOSITS AS AT THE END OF JUNE 1957

	CSS DATA				ISS(I) DATA		GSS(I) DATA	
	Average deposits per member	Average deposits per society	Deposits per 100 rural cultivating families	Increase (+) or decrease (—) in deposits in 1956-7 over 1954-5 (Per cent)	AVERAGE DEPOSITS PER MEMBER		AVERAGE DEPOSITS PER MEMBER	
					Large size societies	Small size societies	Societies in the villages selected for demand investigation	All the selected societies
	(Rs)	(Rs)	(Rs)	(Per cent)	(Rs)	(Rs)	(Rs)	(Rs)
	1	2	3	4	5	6	7	8
Broach	55	6,755	2,149	+ 11	66	27	128 <sup>1</sup>	127 <sup>1</sup>
East Khandesh	9	854	560	+ 12	8 <sup>2</sup>	7	16	16
Dharwar	14	1,909	936	+ 20			3	4
Coimbatore	10	1,073	351	+ 146	5	2	3	4
West Godavari	12	5,566	1,410	+ 207	2 <sup>3</sup>	—	3	4
					75 <sup>4</sup>		26	48
Ferozpur	18	801	594	+ 36	14 <sup>2</sup>	2 <sup>4</sup>	28	20
Etawah	3	132	89	— 3			2	1
					—	3 <sup>5</sup>		
Mandsaur	4	116	84	+ 73	8	2		
Gaya	2	54	23	+ 105	—	6 <sup>6</sup>	3	8
Nadia	4	155	90	— 3	—	1	—	—
						4	2	36 <sup>7</sup>

<sup>1</sup>The average was pulled up by one society which had large deposits.

<sup>2</sup>Separate data for large size and small size societies are not available.

<sup>3</sup>Relates to societies in the pilot project area.

<sup>4</sup>Relates to societies in the area not covered by the pilot project.

<sup>5</sup>Relates to societies in the Mahewa Development Block area.

<sup>6</sup>Excludes data in respect of a merged society.

<sup>7</sup>Average was pulled up by one small size society which was almost an urban bank.

The deposits position of credit societies in West Godavari also appeared to be quite satisfactory inasmuch as deposits per 100 rural cultivating families were higher than those in all the other districts except Broach. In West Godavari, large size societies accounted for 15 per cent of the total number of societies. There was 207 per cent increase in deposits between 1954 and 1957 in the district. Thus, the ability to mobilize deposits on this scale is an index of the confidence which societies, particularly rural banks, had created in the minds of their members by running the societies as business-like units.

Data relating to percentage increase in deposits over a period of three years indicate that there was a sizeable increase in deposits in Mandsaur and Gaya but even so, deposits per 100 rural cultivating families were rather low. In Broach, deposits recorded only a nominal increase of 11 per cent in 1956-7 over 1954-5. Two important factors, viz., decline in cotton production in 1956-7 and use of deposits by members for purchase of additional shares of credit societies, were largely responsible for absence of a striking increase. In other districts, there was not much change in the deposits position during the same period. Average deposit per member in Broach, according to ISS(1) data, was Rs 66 in large size societies as against Rs 27 in small size societies. In West Godavari and Dharwar also, the average deposit per member was higher in the case of large size societies. Though there is no complete agreement between the data collected in GSS(1) and ISS(1), it could be said on the basis of GSS(1) data that the societies in Broach and West Godavari were able to mobilize deposits to a greater extent than those in other districts.

Out of 140 working societies, 57 had either no deposits or the amount of deposits was insignificant (Table 16.9); in 42 other societies, the average deposit per member was less than Rs 5. Only in ten societies the average deposit per member was Rs 50 or more; nine of these were large size societies, three from Broach, four from West Godavari and one each from East Khandesh and Ferozepur.

TABLE 16.9—DISTRIBUTION OF SELECTED SOCIETIES ACCORDING TO AVERAGE DEPOSIT PER MEMBER

(As at the end of June 1957)

	Dormant societies	NUMBER OF SOCIETIES IN WHICH AVERAGE DEPOSITS PER MEMBER WAS						Total number of societies selected
		Nil or negligible amount	Less than Rs 5	Rs 5 to Rs 24	Rs 25 to Rs 49	Rs 50 to Rs 74	Rs 75 and above	
		1	2	3	4	5	6	
Broach								
Large size	—	1	3	1	2	—	3	10
Small size	1	—	1	2	2	—	—	6
East Khandesh								
Large size	—	—	2	—	—	—	1	3
Small size	—	7	2	2	—	—	—	11
Dharwar								
Large size	—	1	2	4	—	—	—	7
Small size	1	5	1	1	1	—	—	9
Coimbatore								
Large size	—	1	—	3	—	—	—	4
Small size	1	12	2	—	—	—	—	15
West Godavari								
Large size	—	4	4	2	—	1	3	14
Small size	—	5	—	—	—	—	—	5
Ferozepur								
Large size	—	1	1	1	—	1	—	4
Small size	6	2	3	3	2	—	—	16
Etawah								
Small size	—	8	7	1	1	—	—	17
Mandsaur								
Large size	—	—	1	1	—	—	—	2
Small size	—	2	11	1	—	—	—	14
Gaya								
Large size	—	3	—	—	—	—	—	3
Small size	11	3	1	—	—	—	—	15
Nadia								
Large size	—	1	—	—	1	—	—	2
Small size	11	1	1	—	—	—	1	14
Total								
Large size	—	12	13	12	3	2	7	49
Small size	31	45	29	10	6	—	1	122

(Source : General Supply Schedule No. 1)

All the three large size societies from Broach, viz., B2, B15 and B16, had a scheme of compulsory deposits, and all the four societies from West Godavari which were rural banks were managed by full-time trained secretaries. The large size society F15 from Ferozepur was also managed by a paid secretary. However, the small size society N16 from Nadia was functioning more or less as an urban bank<sup>1</sup> and the deposits were largely held by urban non-agriculturists.

<sup>1</sup>It advanced 41 loans amounting to nearly Rs 17,000 mostly for non-farm business purposes. It was dominated by prosperous urban shopkeepers and traders, and loans were given even to goldsmiths. It did not borrow from the central co-operative bank to which it was affiliated.



Frequency distribution of societies according to percentage increase/decrease in deposits in 1956-7 over 1954-5 is given in Table 16.10.

**TABLE 16.10—CLASSIFICATION OF SELECTED SOCIETIES ACCORDING TO PERCENTAGE INCREASE/DECREASE IN DEPOSITS IN 1956-7 OVER 1954-5**

	Number of dormant societies	NUMBER OF SOCIETIES WHICH REPORTED						Total number of societies studied
		No deposits either in 1954-5 or in 1956-7	Decline in deposits	Neither increase nor decrease	INCREASE IN DEPOSITS OF			
					Less than 40 per cent	40-99 per cent	100 per cent and above	
	1	2	3	4	5	6	7	8
Broach	1	2	10	—	1	1	1	16
East Khandesh	—	5	5	2	1	1	—	14
Dharwar	1	6	2	1	3	—	3	16
Coimbatore	1	15	—	2	—	—	1	19
West Godavari	—	7	2	4	—	1	5	19
Ferozepur	6	3	4	—	3	3	1	20
Etawah	—	5 <sup>1</sup>	3	—	5	1	3	17
Mandsaur	—	4 <sup>2</sup>	1	—	6	2	3	16
Gaya	11	6 <sup>3</sup>	—	1	—	—	—	18
Nadia	11	2	1	1	—	1	—	16
Total	...	31	55	28	11	19	17	171

(Source : General Supply Schedule No. 1)

<sup>1</sup>Includes one society which was registered in 1955-6.

<sup>2</sup>Includes two societies which were registered in 1955-6 and another society for which data for 1954-5 were not available.

<sup>3</sup>Includes one society for which data for 1954-5 were not available and another society which was registered in 1955-6.

As regards collection of deposits, significant efforts were made only in fourteen societies (in which percentage increase in deposits in 1956-7 over 1954-5 was 40 per cent or above and total deposits as in June 1957 exceeded Rs 1,000); eleven of these societies were large size societies. Of these eleven societies, two were from Broach (B2 and B15 which had introduced compulsory deposit schemes), two were from Dharwar (D1 and D15), six from West Godavari and one from Ferozepur. The remaining three were small size societies, one each from Dharwar (D16), Ferozepur (F11) and Nadia (N16). In East Khandesh, Coimbatore and Mandsaur, efforts were made by some of the selected large size societies in mobilizing rural savings, mainly after their reorganization. In none of the selected societies in Etawah and Gaya, efforts were made at mobilization of deposits. Thus, it may be noticed that out of fourteen societies in which deposits had been mobilized to a significant extent, eleven were large size societies.

## 16.2 LOAN OPERATIONS OF PRIMARY SOCIETIES

## 16.2.1 Magnitude of advances

The Consolidated Statistical Statements data (CSS data) relating to loans advanced by agricultural credit societies are given in Table 16.11.

TABLE 16.11—LOANS ADVANCED BY AGRICULTURAL CREDIT SOCIETIES

	AMOUNT ADVANCED BY PRIMARY AGRICULTURAL CREDIT SOCIETIES (IN THOUSANDS OF RUPEES)			LOANS ADVANCED IN 1956-7			Increase(+) or decrease(−) in loans advanced in 1956-7 over 1954-5 (Per cent)
	1954-5	1955-6	1956-7	Average per member	Average per society	Average per 100 rural cultivating families	
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	
	1	2	3	4	5	6	7
Broach	77,54	77,79	1,42,49	503	61,950	19,710	+ 84
East Khandesh	1,32,77	1,70,03	1,85,43	230	21,841	14,336	+ 40
Dharwar	51,53	66,68	1,36,61	148	20,061	9,838	+165
Coimbatore	63,64	84,23	1,08,33	122	13,626	4,456	+ 70
West Godavari	73,93	1,57,27	2,30,08	139	62,352	15,796	+211
Ferozepur	42,68	42,95	60,48	131	5,684	4,216	+ 42
Etawah	11,81	19,67	19,59	49	1,945	1,313	+ 66
Mandsaur	8,09	14,66	23,76	141	3,796	2,749	+194
Gaya	2,95	2,59	4,38	10	310	130	+ 48
Nadia	6,66	8,65	4,76	20	800	466	− 29

(Source: Consolidated Statistical Statements)

Total amount advanced by agricultural credit societies in the district as a whole was the highest at Rs 2,30 lakhs in West Godavari, followed by East Khandesh, Broach, Dharwar and Coimbatore in that order; in all the other districts total amount advanced was less than Rs 61 lakhs. Amounts advanced per 100 rural cultivating families was the highest at Rs 19,710 in Broach, followed by West Godavari and East Khandesh at Rs 15,796 and Rs 14,336, respectively. The increase in advances was the highest in West Godavari at 211 per cent, followed by Mandsaur at 194 per cent; in the latter district, advances per 100 rural cultivating families were only Rs 2,749.

In the summary table on page 412, the districts are arranged according to the descending order of the magnitude of the four indicators referred to in Table 16.11.

Loans advanced by co-operatives were the largest in districts where pilot projects of the Integrated Rural Credit Scheme were being implemented and particularly in districts where many features of the crop loan system were introduced in the loan policy.

	Average advances per society	Average advances per member	Average advances per 100 rural culti- vating families	Percentage increase in advances between 1954-5 and 1956-7
	West Godavari	Broach	Broach	West Godavari
	Broach	East Khandesh	West Godavari	Mandsaur
	East Khandesh	Dharwar	East Khandesh	Dharwar
	Dharwar	Mandsaur	Dharwar	Broach
	Coimbatore	West Godavari	Coimbatore	Coimbatore

In all districts except Nadia, advances during 1956-7 showed an increase over those in 1954-5, the percentage increase being higher in Broach, Dharwar, West Godavari and Mandsaur than in the other districts.

The above discussion is based on the district aggregates. The data collected through ISS(1) in respect of about 200 societies in each of the selected districts classified into large size and small size are presented in Table 16.12 on page 413.

The amount of loans advanced per society is bound to be higher in the case of the large size societies, and as such, the average amount advanced per member is a better indicator of the magnitude of loans. The quantum of loan to a member depended to a large extent on the loan policy of the central bank or on the rules regarding maximum credit limits framed by Government. The average amount of loans advanced per member was higher in large size societies than in small size societies in Broach, Dharwar, Coimbatore and West Godavari. The average amount advanced per member was generally higher in most of the districts where the crop loan system was in operation and where a large number of large size societies were operating.

Frequency distribution of selected societies according to average amount advanced per member is given in Table 16.13 on page 414. The average amount advanced per member by societies in the villages selected for demand-side investigation was the highest at Rs 952 (average based on the data for all the selected societies was Rs 940) in Broach which was more than four times that in East Khandesh and West Godavari, five times that in Ferozepur, and seven times that in Dharwar, Coimbatore and Mandsaur. In all the districts except Broach, averages regarding loans advanced per member compiled on the basis of various types of data are, though they are not strictly comparable, in general agreement as will be seen from the summary table given on page 415.

The average amount advanced per member was Rs 300 and above in 27 societies, of which 19 were large size societies. Of the 61 societies in which the average amount

TABLE 16.12—TRENDS IN ADVANCES BY AGRICULTURAL CREDIT SOCIETIES

	LOANS ADVANCED PER SOCIETY (in hundreds of rupees)				AVERAGE AMOUNT ADVANCED PER MEMBER			
	LARGE SIZE		SMALL SIZE		LARGE SIZE		SMALL SIZE	
	1954-5	1956-7	1954-5	1956-7	1954-5	1956-7	1954-5	1956-7
					(Rs)	(Rs)	(Rs)	(Rs)
	1	2	3	4	5	6	7	8
Broach	4.35	8.43	2.15	2.73	343	550	316	359
East Khandesh <sup>1</sup>	1.52	2.17	—	—	191	230	—	—
Dharwar	1.27	4.30	63	1.13	70	171	73	108
Coimbatore	2.01 <sup>2</sup>	8.86	95	1.16	36 <sup>3</sup>	173	99	108
West Godavari								
Pilot project area	5.24 <sup>2</sup>	21.28	—	—	150 <sup>2</sup>	278	—	—
Other area	10.23	38.03	1.18	2.55	99	327	69	126
Ferozepur <sup>1</sup>	47	60	—	—	117	135	—	—
Etawah								
Mahewa								
Development Block area	—	—	21	31	—	—	55	64
Other area	—	—	18	23	—	—	42	49
Mandsaur	3.06	8.46	17 <sup>3</sup>	34 <sup>3</sup>	83	207	62 <sup>3</sup>	135 <sup>3</sup>
Gaya	—	—	4	4	—	—	10	11
Nadia	4.61	2.74	21	15	129	66	13	9

(Source : Intensive Supply Schedule No. 1)

<sup>1</sup>Data relate to all societies since separate data for large size and small size societies are not available.

<sup>2</sup>Relates to the period from the beginning of the co-operative year in which the society was merged to the date of merger. In the case of societies which did not advance any loans during this period, loans advanced during the immediately preceding co-operative year have been taken.

<sup>3</sup>Excludes data in respect of one merged small size society.

advanced per member was between Rs 100 and Rs 300, 17 were large size societies. Of the 41 societies in which average amount advanced per member was less than Rs 100, 30 were small size societies. (Table 16.13 on page 414.)

Of the 27 societies in which the average amount advanced per member was Rs 300 and above, 11 were from Broach; of these, 9 were large size societies and 2 small size societies. As the quantum of loan calculated on the basis of value of produce sold through co-operatives was generally higher than that estimated at the rate of Rs 40 per acre of cultivated area, almost all the members in Broach had availed of loans on the basis of the former scale. Eight out of nine societies in this category from West Godavari were either rural banks or large size societies. Of these, four were from the pilot project area. One society in this category from Ferozepur, namely, Society F20, was a large size society. Of the two societies in this category from Mandsaur, one was a large size society and the other a small size one.

TABLE 16.13—DISTRIBUTION OF SELECTED SOCIETIES ACCORDING TO AVERAGE AMOUNT ADVANCED PER MEMBER—1956-7

	AVERAGE AMOUNT ADVANCED PER MEMBER			Number of dormant societies	Number of societies which did not advance loans in 1956-7	NUMBER OF SOCIETIES IN WHICH AVERAGE AMOUNT ADVANCED PER MEMBER WAS				Total number of societies studied
	Societies in villages selected for demand-side investigation (Rs)	All the selected societies (Rs)				Less than Rs 50	Rs 50 to Rs 99	Rs 100 to Rs 299	Rs 300 and above	
	1	2		3	4	5	6	7	8	9
Broach	952	940	Large size	—	—	—	1	—	9	10
			Small size	1	—	1	1	1	2	6
East Khandesh	206	206 <sup>1</sup>	Large size	—	—	—	—	3	—	3
			Small size	—	1	—	—	7	3	11
Dharwar	133	148	Large size	—	1	—	2	4	—	7
			Small size	1	—	2	1	4	1	9
Coimbatore	132	154	Large size	—	—	—	2	2	—	4
			Small size	1	3	3	2	6	—	15
West Godavari	217	301	Large size	—	—	1	—	5	8	14
			Small size	—	—	2	—	2	1	5
Ferozepur	176	183	Large size	—	—	1	—	2	1	4
			Small size	6	—	1	1	8	—	16
Etawah	80	79	Small size	—	2	2	7	6	—	17
			Small size	—	—	—	—	—	—	—
Mandsaur	136	200	Large size	—	—	—	1	—	1	2
			Small size	—	—	1	3	9	1	14
Gaya	80	65	Large size	—	1	1	—	1	—	3
			Small size	11	1	1	1	1	—	15
Nadia	—	42	Large size	—	—	1	1	—	—	2
			Small size	11	2	—	1	—	—	14
Total	—	—	Large size	—	2	4	7	17	19	49
			Small size	31	9	13	17	44	8	122

(Source : General Supply Schedule No. 1)

<sup>1</sup>Only societies in the demand-side villages were studied; no society was purposively selected for study.

## SUMMARY TABLE

(Amount in rupees)

		AVERAGE AMOUNT ADVANCED PER MEMBER IN 1956-7				AVERAGE AMOUNT BORROWED FROM CO-OPERATIVES PER			
		CSS data <sup>1</sup>	ISS(1) DATA <sup>2</sup>		GSS(1) DATA <sup>3</sup>		Culti- vating family GDS(1) data <sup>4</sup>	SELECTED MEMBER ISS(2) DATA <sup>5</sup>	
			Large size	Small size	Socie- ties in villages selec- ted for demand investi- gation	All the selected socie- ties		Societies in villages selec- ted for demand investi- gation	All the selec- ted socie- ties
		1	2	3	4	5	6	7	8
Broach <sup>6</sup>	..	503	550	359	952	940	152	508	506
East Khandesh	..	230	230 <sup>6</sup>		206	206	114	357	357
Dharwar	..	148	171	108	133	148	46	126	174
Coimbatore									
Pilot project area	..	122	173	108	132	154	15	195	199
Other area	..							114	135
West Godavari									
Pilot project area	..	139	278	—	217	301	99	367	408
Other area	..							259	341
Ferozepur	..	131	327	126	176	183	28	144	164
Etawah	..								
Mahewa Rural Credit									
Project area	..	49	—	64 <sup>7</sup>	80	79	17	119	141
Other area	..							64	64
Mandsaur	..	141	207	135	136	200	23	106	121
Gaya	..	10	—	11	80	65	—	17	25
Nadia	..	20	66	9	—	42	2 <sup>8</sup>	19	25

<sup>1</sup>Table 16.11—column 4.<sup>2</sup>Table 16.12—columns 6 and 8.<sup>3</sup>Table 16.13—columns 1 and 2. Data relate only to working societies.<sup>4</sup>Table 11.5—column 6.<sup>5</sup>Table 11.8—column 2.<sup>6</sup>Relates to all societies since separate data were not available.<sup>7</sup>Refers to Mahewa Development Block area.<sup>8</sup>Members of the society which did not give any loans in 1956-7, reported borrowings from some other society.

<sup>9</sup>The data for Broach need to be viewed in the light of the peculiar practices of cotton marketing followed. Loans advanced between February-April against pledge of produce were used for repayment of crop loans. The due date for repayment of crop loans was 31 March and fresh crop loans were advanced from about May onwards. The large variations in Broach are due to the fact that in the case of Consolidated Statistical Statements and Intensive Supply Schedule No. 1 for about 200 societies, loans against pledge of produce, which accounted for roughly 50 per cent, were not ordinarily reported, while in GSS (1) pledge advances were also included under the item 'loans and advances'.

At the other end, there were seventeen societies in which the average amount advanced per member was less than Rs 50. Society B10 from Broach, a small

TABLE 16.14—CLASSIFICATION OF SOCIETIES ACCORDING TO CHANGE IN ADVANCES

			Number of dormant societies	NUMBER OF SOCIETIES IN WHICH						Total
				PERCENTAGE DECLINE IN ADVAN- CES IN 1956-7 OVER 1954-5 WAS		PERCENTAGE INCREASE IN ADVAN- CES IN 1956-7 OVER 1954-5 WAS				
				Less than 50 per cent	50 per cent and above	Less than 25 per cent	25 to 74 per cent	75 to 149 per cent	150 per cent and above	
			1	2	3	4	5	6	7	8
Broach	Large size	—	3	—	2	1	—	4	10	
	Small size	1	3	—	1	1	—	—	6	
East Khandesh	Large size	—	1	—	—	2	—	—	3	
	Small size	—	3	—	2	3	1	—	9	
Dharwar	Large size	—	1	—	—	—	—	4	5	
	Small size	1	3	—	—	—	—	4	8	
Coimbatore	Large size	—	—	—	—	1	—	2	3	
	Small size	1	—	2	2	1	1	1	8	
West Godavari	Large size	—	—	—	—	—	3	9	12	
	Small size	—	—	—	1	2	—	2	5	
Ferozepur	Large size	—	—	1	—	—	2	1	4	
	Small size	6	2	2	—	1	1	2	14	
Etawah Mandsaur	Small size	—	1	—	1	2	4	1	9	
	Large size	—	—	1	—	—	—	1	2	
	Small size	—	2	—	1	2	1	3	9	
Gaya	Large size	—	—	—	—	—	—	—	—	
	Small size	11	—	—	—	—	—	—	11	
Nadia	Large size	—	—	1	—	—	—	1	2	
	Small size	11	—	—	—	—	1	—	12	
Total	Large size	—	5	3	2	4	5	22	41 <sup>1</sup>	
	Small size	31	14	4	8	12	9	13	91 <sup>1</sup>	

(Source: General Supply Schedule No. 1)

<sup>1</sup>Of the 171 societies, data could be tabulated in the case of 132 societies only. Of the remaining societies, 25 societies (two each from East Khandesh, Dharwar, West Godavari and Nadia, three each from Etawah and Mandsaur, four from Gaya and seven from Coimbatore) did not advance loans either in 1954-5 or 1956-7; five societies (one each from Coimbatore, Etawah and Gaya, and two from Mandsaur) were organized only after June 1955 and in the case of eight societies (one from Dharwar, two each from Ferozepur and Gaya, and three from Etawah) details were not available. In respect of one society from Etawah there was neither increase nor decrease in advances in 1956-7 over 1954-5.

size society with limited liability, was burdened with high overdues because of party factions and mismanagement. Of the two societies from Dharwar, one was a small size multi-village society which had high overdues and, therefore, could not get fresh finance from the central bank. The other society, viz., Society D16, advanced Rs 5,660 during 1956-7 to eighteen members. although 74 out of 133 members were indebted to it. Due to the fact that the Managing Committee continued to give extensions, the society received very little fresh finance from the central bank. All the three societies from Coimbatore were small size

societies. In Society C13, located in the scarcity-affected area, 94 per cent of the loans were overdue. It was not managed efficiently. Society C6 which was not functioning properly was dominated by two individuals who did not manage it properly. The third society, viz., Society C15, was also a small size society. The state of affairs of the remaining societies in which the average amount advanced was less than Rs 50 was similar to that existing in the societies mentioned above.

Thus, it is seen that many of the societies in which sizeable loans were advanced were large size societies and that many of the societies in which the magnitude of loans advanced was small were small size societies managed by honorary/part-time secretaries. Apart from inefficient management by honorary secretaries, other factors responsible for a low level of advances were mainly (1) domination of society by vested interest groups, (2) tendency to give extension in respect of date of repayment, (3) temporary delay in repayment of loan due to failure of crops consequent on unseasonal weather, and finally (4) the defects in loan policies and procedures, some of which were discussed in Chapter 14 and others will be discussed in the subsequent section of this chapter.

#### 16.2.2 Trend in advances over three years

Frequency distribution of societies according to increase or decrease in advances in 1956-7 over 1954-5 is given in Table 16.14 on page 416 and in a summary form in Appendix Table 16.1.

Only 75 societies reported increase in advances in 1956-7 over 1954-5. The increase in advances was significantly large in West Godavari, Dharwar, Broach, East Khandesh and Mandsaur. Of the 35 societies which showed an increase in advances of 150 per cent or more, 22 were large size societies. Among the thirteen small size societies, four were from Dharwar where the loan policy of the central bank made little distinction between small size and large size societies, one each from Coimbatore and Etawah, two each from West Godavari and Ferozepur and three from Mandsaur. In some of the small size societies, the magnitude of advances in 1954-5 was very low as compared with that in 1956-7. Thus, it is observed that the growth in advances was larger in large size societies than in small size societies.

#### 16.2.3 Nature and composition of loans and advances

The crop loan system envisaged (1) giving short-term loans in relation to the cash outlay of members, i.e., in relation to the type of crops and area cultivated by the members, (2) giving a portion of the loan in kind as also in instalments considering the need of the member, (3) reorientation in the procedure regarding security to be offered by members, (4) reorientation in the procedure for fixing the quantum of loan, and (5) linking the date of repayment of short-term loan with the period of harvest. It was observed in Chapter 14 that the loan policies of the central banks in the selected districts fell short of the crop loan system. In Section 16.4 on recovery of loans, it is pointed out that except perhaps in Dharwar,



the due date of repayment (stipulated by the central bank) had little relation with the period of harvest.

Short-term loans accounted for more than 80 per cent of the total amount advanced in Broach, East Khandesh, Dharwar, West Godavari, Ferozepur, Etawah and Nadia. Medium-term loans were sizeable in Coimbatore and Mandsaur as will be seen from Table 16.15.

TABLE 16.15—CLASSIFICATION OF ADVANCES ACCORDING TO TYPES OF LOANS—1956-7

	Average amount advanced per member during 1956-7	PROPORTION OF AMOUNT ADVANCED DURING 1956-7 BY ALL SELECTED SOCIETIES AS				Of the loans in column 2 proportion given in kind
		Short-term production loans	Other short-term loans	Short-term pledge loans (marketing finance)	Medium-term loans	
	(Rs)	(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Per cent)
	1	2	3	4	5	6
Broach ..	940	48	—	50	2	13
East Khandesh ..	206	100	—	—	—	..
Dharwar ..	148	89	—	—	11	..
Coimbatore ..	154	37	15	—	48	—
West Godavari ..	301	52	5	35	8	—
Ferozepur ..	183	65	35	—	—	—
Etawah ..	79	100	—	—	—	..
Mandsaur ..	200	2	—	—	98	—
Gaya ..	65	75 <sup>3</sup>	—	—	25	100
Nadia ..	42	57	43	—	—	—

(Source: General Supply Schedule No. 1)

<sup>1</sup>The proportion of pledge loans was less than 1 per cent.

<sup>2</sup>Mostly fertilizer loans under the *Credit Agricole* Scheme.

### Types of loans

Short-term loans predominated in Broach, East Khandesh and Dharwar. These loans were generally for a period of one year or less and were given generally in the *kharif* season. The due date for repayment of these loans was March in Broach and April-June in Dharwar.<sup>1</sup>

Medium-term loans were reported in six districts. They were predominant in Mandsaur accounting for 98 per cent of the total loans advanced; the corresponding proportion was 48 per cent in Coimbatore and 25 per cent in Gaya. In the remaining three districts it was less than 11 per cent. In Ferozepur, though all loans were reported to have been given for short-term duration, many loans were in practice medium-

<sup>1</sup> Details regarding due dates of repayment are given in Appendix 6.

term loans due to the *Kistbandi* system of estimating the 'demand' for recovery of loans.

Pledge loans were reported by the selected societies on a sizeable scale only in two districts. In Broach, many primary societies were marketing the produce of and giving pledge loans to their members. In West Godavari, on the other hand, where co-operative marketing was practically absent, many primary credit societies gave pledge loans to members who, however, sold their produce directly to traders.

### *Kind and cash loans*

In Broach, though the Field Workers' Conference had laid down the policy of giving loans in instalments and a part of the loans in kind, it was observed that only 13 per cent of the loans (short-term production) were given in kind. Of the sixteen selected societies from Broach, only in seven, viz., Societies B1, B2, B11, B12, B13, B15 and B16, loans in kind were advanced, while in Society B6, though loans in kind were reported to have been given, it was found that cash loans were advanced to members on presentation of private shopkeepers' bills without verifying whether such bills represented purchase of agricultural requisites or the amount advanced was paid to the shopkeeper against an outstanding bill. In Gaya, under the *Credit Agricole* Scheme, some of the societies were operating as agents for distributing fertilizers received from the central bank, and as cash loans given for medium-term purposes were rather small, the proportion of loans given in kind was very high.

In Broach, eight societies advanced loans in instalments (Table 16.16 on page 420). In Dharwar where all the selected working societies gave loans in instalments, it was observed that the central bank itself released funds to them in instalments, unlike in most other districts. Societies in the Mahewa Rural Credit Project area were expected to give loans in instalments, but it was observed that only three of the seven selected societies from this area did accordingly. One society from Ferozepur, two societies from Gaya and seven societies from East Khandesh gave loans in instalments. None of the selected societies from Coimbatore, West Godavari, Mandsaur and Nadia followed this practice.

### **16.2.4 Type of security**

In Broach, East Khandesh and Dharwar, short-term loans were advanced mostly against the first charge under Section 24AA of the Bombay Co-operative Societies Act, 1925; the procedure regarding creation of a charge was discussed in detail in Section 14.2.1. In Coimbatore and West Godavari, short-term loans upto Rs 250 to Rs 500 were given against personal security and those exceeding this limit, against the security of immovable property. Distribution of amounts advanced according to various types of security is given in Table 16.17 on page 421.

TABLE 16.16—NUMBER OF SOCIETIES GIVING VARIOUS TYPES OF LOANS

	Dor- mant soci- ties	NUMBER OF SOCIETIES THAT GAVE							
		LOANS IN INSTALMENTS		LOANS IN KIND		MEDIUM-TERM LOANS		PLEDGE ADVANCES	
		Yes	No	Yes	No	Yes	No	Yes	No
	1	2	3	4	5	6	7	8	9
Broach ..	1	8	7	8	7	4	11	7	8
East Khandesh ..	—	7	7	7	7	—	14	—	14
Dharwar ..	1	15	—	1	14	11	4	—	15
Coimbatore ..	1	—	18	—	18	14	4	1	17
West Godavari ..	—	—	19	—	19	10	9	14	5
Ferozepur ..	6	1	13	—	14	—	14	—	14
Etawah ..	—	3	14 <sup>1</sup>	3	14	—	17	—	17
Mandsaur ..	—	—	16	—	16	16	—	—	16
Gaya ..	11	2	5	4	3	2	5	—	7
Nadia ..	11	—	5	—	5	—	5	—	5
Total ..	31	36	104	23	117	57	83	22	118

(Source: General Supply Schedule No. 1)

<sup>1</sup>Includes one society for which information is not available.

Loans against surety predominated in Ferozepur, Etawah, Gaya and Coimbatore. These loans accounted for less than 30 per cent of the total advances in Dharwar and West Godavari. Loans given on the creation of a first charge on land were predominant in Broach, East Khandesh, Dharwar and Mandsaur. The provisions of Section 30(1) of the Madhya Bharat Co-operative Societies Act, 1955 were similar to those of Section 24AA of the Bombay Co-operative Societies Act, 1925. Loans against immovable property were reported in four districts, the proportion of such advances to total advances varying from 14 per cent to 56 per cent.<sup>1</sup> As stated earlier, in Broach, Dharwar and East Khandesh, short-term production loans (crop loans) were given against a first charge on land created under Section 24AA of the Bombay Co-operative Societies Act, 1925. As loans could be given only against a first charge on land, it ensured that co-operative loans were advanced only to owner-cultivators and tenants who had cultivation rights. Agricultural labourers, i.e., those who were not cultivating any land, were not ordinarily given crop loans.

Of the three districts, *viz.*, Broach, East Khandesh and Dharwar, only in Broach loans against pledge of produce were given by primary credit societies. Pledge loans in Broach were made mainly against cotton. The marketing practices and procedures obtaining in Broach are discussed in detail in Section 17.3 wherefrom it may be seen that because of insistence on a certificate from the office of the Cotton Superin-

<sup>1</sup>In Nadia, where the crop loans were given against mortgage of land, the relatively high proportion of unsecured loans was mainly because the district average was pulled up by advances made by Society N16 against personal security. This society, as was seen earlier (Section 16.1.3), was more or less an urban co-operative bank giving loans out of its own resources and had not resorted to borrowings from the central bank and hence the crop loan rules did not apply to the loans advanced by this society.

TABLE 16.17—ADVANCES OF THE SELECTED PRIMARY CREDIT SOCIETIES CLASSIFIED ACCORDING TO SECURITY—1956-7

	PROPORTION OF ADVANCES AGAINST THIS SECURITY TO TOTAL ADVANCES (PER CENT)				
	Personal security including third party guarantee or surety	Immovable property	First charge on land	Pledge of produce	Other
	1	2	3	4	5
Broach	—	—	50 <sup>1</sup>	50	—
East Khandesh	—	—	100	—	—
Dharwar	4	—	95 <sup>1</sup>	—	1
Coimbatore	65	35	—	—	—
West Godavari	29	33	—	35	3
Ferozepur	100	—	—	—	—
Etawah	100	—	—	—	—
Mandsaur	—	—	100 <sup>2</sup>	—	—
Gaya	86	14	—	—	—
Nadia	44	56	—	—	—

(Source: General Supply Schedule No. 1)

<sup>1</sup>Under Section 24AA of Bombay Co-operative Societies Act; includes medium-term loans also.

<sup>2</sup>Mainly under Section 30(1) of Madhya Bharat Co-operative Societies Act, 1955.

endent, pledge loans (at least in regard to certified cotton) were granted only to those who grew cotton on land cultivated by them. Rules and procedures obtaining in Broach prevented, to a large extent, grant of pledge loans against certified cotton to petty traders and non-cultivators. As the major portion of the area, particularly in the southern part of the district, was under certified cotton, it was difficult for a petty trader to avail of pledge finance against such cotton. However, the procedure did not prevent petty traders from availing of pledge finance against uncertified cotton in spite of the best efforts on the part of co-operatives to give pledge finance only to genuine cultivators. Hence, in the northern part of Broach, where the area under uncertified cotton was large, the small cultivators could sell cotton to petty traders, and the prescribed procedure did not, by itself, ensure that pledge finance was being availed of only by cultivators and that petty traders did not get such finance from co-operatives. In East Khandesh and Dharwar, pledge loans were given mostly by marketing societies; the problems regarding grant of pledge loans in these districts are discussed in Sections 17.4 and 17.5.

In West Godavari and Coimbatore, short-term loans upto a stipulated limit (varying from Rs 250 to Rs 500) were given against sureties. Loans exceeding the stipulated limit were given only against mortgage of property. Thus, unlike the procedures regarding security followed under the crop loan system of Bombay, procedures adopted in West Godavari and Coimbatore enabled grant of loans to non-cultivators including agricultural labourers and non-cultivating landlords.<sup>1</sup>

<sup>1</sup> See Sections 17.6.4 and 17.7.2.

It was found that there was predominance of non-cultivators among the borrowing members in some districts. Further, there was no provision to ensure that when pledge loan was advanced to a member, the produce against which the loan was given was actually grown on his farm. In Broach, because of the procedure of certifying the produce, the possibility of petty traders getting loans was rather remote. Thus, it was found that in West Godavari a portion of pledge loans was taken by non-cultivating members, presumably petty traders and absentee landlords-cum-traders. (Table 16.18.)

TABLE 16.18—TYPES OF LOANS GIVEN BY SELECTED LARGE SIZE SOCIETIES IN WEST GODAVARI—1956-7

	Total amount advanced in 1956-7 (In thousands of rupees)	PROPORTION OF LOANS OF THIS TYPE TO TOTAL LOANS (Per cent)			PROPORTION OF LOANS OF THIS TYPE TAKEN BY NON-CULTIVATORS TO TOTAL LOANS AGAINST (Per cent)			Proportion of non-cultivators to total number of members (Per cent)
		Surety	Mort-gage	Pro-duce <sup>1</sup>	Surety	Mort-gage	Pro-duce <sup>1</sup>	
		1	2	3	4	5	6	
W1	1,34	39	46	15	17	3	6	35
W2	3,41	17	25	58	17	1	1	35
W3	3	—	100	—	—	—	—	63
W4	4,08	44	22	34	22	16	10	51
W5	1,34	23	35	42	37	19	21	64
W15	2,19	30	28	42	14	13	25	39
W16	4,52	29	21	50	11	—	9	22
W17	1,81	13	20	67	7	5	7	11
W18	2,24	19	37	44	21	3	4	25
W19	1,78	35	59	6	6	3	11	20

(Source: Intensive Supply Schedule No. 1A)

<sup>1</sup>Against pledge of produce.

It was very likely that the surety loans reported by non-cultivators were taken either by agricultural labourers and/or by non-cultivating landowners as also artisans. As regards mortgage loans to non-cultivators, obviously these were given to non-cultivating landowners or urban property owners. In the case of pledge loans to non-cultivators, it was very unlikely that the borrowers were agricultural labourers. Most of these loans were taken either by non-cultivating landowners or by landowner-cum-petty traders or by petty traders. In the absence of necessary details in the records of societies, it is not possible to estimate the share of each of these classes in the pledge loans to non-cultivators.

In West Godavari, at the time of securing a loan from a society, members executed an agreement by which they agreed to sell the produce through co-operatives. In the absence of any marketing activity on the part of marketing co-operatives, and because credit co-operatives lent against pledge of produce, it was found that members secured pledge loans either from the credit societies or from the marketing

societies. Further, in the absence of adequate godown facilities, the produce that was pledged was sometimes stored in improvised godowns or in store rooms in the residence of the member himself. In the latter case, the room was locked and sealed with the society's seal and one of the keys was left with the borrower. The borrower gave an undertaking that he would not remove or dispose of the produce in any manner without the previous permission of the society. Since the marketing societies did not arrange for marketing of members' produce, members had to negotiate independently for the sale of commodities pledged by them. Out of a part of the sale proceeds received in advance from the purchaser, the member redeemed the produce and delivered it to the purchaser. In effect, such arrangements meant that advances against produce were made without effective control over the produce and that members of co-operatives in no way derived benefit from co-operative marketing and that the only service done by the co-operatives was to enable their members to hold the produce for a short period pending arrangements for sale.

In Etawah where loans were given only against surety, it was possible even for non-cultivating landowners to avail of co-operative finance. The position was almost similar in Ferozepur where loans were given against two sureties. Hence in these districts, it was possible for two or more members from the family of a member of the Managing Committee to get additional loans from societies. It was seen earlier that in Society F7 (a dormant society in Ferozepur) two or more members of a family had taken large loans from it, thus resulting in the loss of confidence in the society. Absence of any procedural checks such as creation of a first charge on land, presentation of certificates of village officials, fixation of credit limits according to set rules and procedures, made the societies vulnerable to manipulations by vested interests on the Managing Committee.

In Mandsaur, the problem was slightly different. Loans were given against a charge on land on the lines of the practice obtaining in the districts of Bombay. But unlike in Bombay districts, it was reported that no entries in the village records regarding creation of a first charge on land in favour of the society were generally made by the village officials. Thus, in practice, the procedure for creation of a first charge was not strictly followed.

In Gaya, cash loans and fertilizer loans exceeding Rs 100 and Rs 125, respectively, were granted against mortgage of land, while loans below these amounts (both short-term and medium-term) were given against sureties. In Nadia, all crop loans were given against mortgage of land, though according to by-laws loans upto Rs 25 could be given against surety.

The above discussion brings out a salient point which needs careful consideration while formulating rules and procedures regarding sanction and disbursement of loans. Though provision may be made for financing agricultural labourers as is done in West Godavari, adequate safeguards and counter-checks would be necessary to prevent diversion of finance to petty trader-cum-cultivators for trading purposes.

### 16.2.5 Quantum of loan

The loan policies of the central banks in the selected districts were discussed in detail in Chapter 14. The discussion in this sub-section is, therefore, restricted to only those aspects of loan procedures and policies of primary societies which were not referred to earlier.

In Broach, East Khandesh and Dharwar, as seen earlier, efforts of varying magnitude to introduce the crop loan system were made. Further, as the credit limits for individuals could be relaxed with prior approval of the supervising unions, there was not much conflict between credit limits as fixed in the by-laws and those determined in accordance with the policy laid down by the Field Workers' Conference and adopted by the central banks. Though there were several departures from the crop loan policy as recommended by the All-India Rural Credit Survey Committee, attention to some of which was drawn in Chapter 14, some important limitations, with particular reference to (1) linking of quantum of loan to the value of produce sold through co-operatives in Broach, (2) simultaneous implementation of five different types of schemes in East Khandesh and (3) absence of any procedural arrangements in Dharwar to reduce gradually the credit limits of non-cultivating landowners, require special mention.

In Broach, the quantum of loan in 1956-7 was fixed at 50 per cent of the value of agricultural produce sold by a member through co-operatives during the previous year. This, in effect, meant that the quantum of loan did not bear direct relation to cash outlay on each of the crops grown by cultivators.

In East Khandesh, as was seen in Section 14.2.2, there were different schemes in operation under which loans were given at varying scales of finance. Of the fourteen selected credit societies, six, namely, K8, K9, K10, K11, K13 and K14 were reported to have issued pilot loans. In the absence of uniform and more analytically worked out scales of finance for each type of crop, many cultivators, particularly tenant-cultivators and owner-cum-tenant-cultivators, did not get adequate loans.

In Dharwar, before the implementation of the pilot project, short-term loans were advanced generally upto a maximum of Rs 300 to Rs 400, depending upon the by-laws of the society. With the initiation of the pilot project and the revision of the scales of finance, the maximum credit limit for an individual, prescribed in the by-laws, could be relaxed with the prior approval of the supervising union. The revision of the loan policy, however, adversely affected the non-cultivating landowners and a few small cultivators. The non-cultivating landowners who were given loans before the initiation of the pilot project were no longer entitled to fresh finance consequent on the revision of the loan policy. As a result, many of them wilfully defaulted loan repayments. Further, under some circumstances, as for instance, in case a cultivator was cultivating eight acres of owned land, he was entitled to Rs 300-Rs 400 as short-term loan before the revision of loan policy;

after the revision, however, he was entitled to Rs 170 only (if six acres of his land were under *jowar* and two acres under cotton); the reduction in a credit limit in this manner, though might probably have taken place in a few cases, also prompted the affected cultivator to default loan repayments. Unlike in Broach, where the central bank adopted the policy of reducing the credit limits gradually by 10 per cent a year, in Dharwar there was an immediate reduction in the quantum of loan. These implications of revision of loan policy need to be taken into consideration while assessing the recovery performance of the primary credit societies.

In Coimbatore and West Godavari, on the other hand, apart from the loans of small amounts which could be given against surety, the credit limit of individuals was fixed in relation to the value of owned land. There was no attempt to link the quantum of loan to an individual with the outlay on crops grown by him in West Godavari. An attempt in this direction was made by some large size societies, particularly those operating in the 'Full Finance Scheme' area in Coimbatore.

In Ferozepur, in respect of every member of a society, the maximum credit limit was fixed and revised annually in the General Body meeting. This was usually done when the Sub-Inspector of the Co-operation Department who functioned both as Supervisor and Auditor was present. In determining the credit limit for a member three factors were taken into consideration. Firstly, the quantum of loan was fixed as multiples of land revenue on land owned and of that on land leased, separately (Appendix 6). As a result, the maximum credit limit fixed in the case of a tenant was lower than that in the case of a cultivating landowner. Secondly, 25 per cent of non-agricultural income of the members was added to the above in arriving at the maximum credit limit. Thirdly, the interest due on mortgage debt owed by a member to creditors other than co-operatives was to be subtracted from the maximum credit limit arrived at as above. The maximum credit limit of an individual member of a primary society was subject to a ceiling of Rs 1,000.<sup>1</sup>

The maximum credit limit of a society was annually revised in the General Body meeting. The limits fixed by the General Body were, however, subject to the approval of the Registrar who was competent to reduce it 'in a manner he thinks fit'. The Sub-Inspector or the Inspector was not required to recommend enhancement of the maximum credit limit unless a resolution was passed to that effect in the General Body meeting. The maximum credit limit of a society so fixed as also any revision made subsequently was required to be intimated to the central bank.

For determining the maximum credit limit of an unlimited liability type society, the maximum credit limits of individual members were added. Then the credit needs of the society were fixed at 75 per cent or 90 per cent of the total of individual credit limits, according to whether the society was working for one year or more,

<sup>1</sup>It was possible to circumvent the maximum credit limit per member as fixed in the by-laws by two or more members of the family joining the society.



respectively. From the estimate thus arrived at a deduction to the extent of owned funds<sup>1</sup> of the society was effected. The net figure (See column 5 of Table 16.19 on page 427) arrived at after making such a deduction was taken into consideration while determining the maximum credit limit of an unlimited liability type society.

In respect of a limited liability society, the maximum credit limit was fixed upto twelve times its owned funds. In the case of the selected societies, however, the limits were found to be generally lower at ten times the owned funds.

Delegation of powers for fixing the credit limits of primary societies and of the function of audit, supervision and inspection to the Co-operation Department resulted in giving discretionary powers at various levels in the system.

Details regarding the credit limits fixed for selected societies are given in Table 16.19. It may be seen that credit limits, particularly of unlimited liability societies, were fixed at a level which was, in a large number of cases, much below the limit arrived at on the basis of procedure prescribed under the rules. Extensive use of discretionary powers in regard to the determination of the maximum credit limits of primary credit societies was evident.

The individual credit limit in Etawah was, as was seen in section 14.2.7, fixed in relation to the land revenue payable by a member plus a certain proportion of the value of saleable assets plus a certain proportion of the non-agricultural income earned minus his outside liability. The credit limit was also linked to the value of shares held by a member. The quantum of loan for individuals was in no case to exceed Rs 400 or one-tenth of the working capital of the society, whichever was less. The sum total of credit limits of individual members represented the maximum credit limit of a limited liability society. The credit limit of a society was not related to its owned funds but was linked to the value of shares of the central bank held by it. The credit limits for both individuals and societies were revised every year.

Though one of the objectives of the Mahewa Rural Credit Project was the provision of crop loans to members after determining the quantum in relation to cash outlay on cultivation of crops, none of the societies except Society E14 had done so. Even in this society, the facility was not availed of by the members, as they were not even aware of the revised credit limits. According to the Progress Report on the Project, in 1956-7 crop loans were issued to only five members whose credit limits exceeded Rs 500. It was, however, found that the societies did not make efforts to check up the *Haisiyat* (assets and credit limits) registers since 1955 and in the case of some members who joined subsequently, the *Haisiyat* was not calculated at all.

The cash-credit limits sanctioned by the central bank to the societies in the Mahewa Rural Credit Project area did not bear any consistent relation to the size

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<sup>1</sup>Working capital minus deposits from members and non-members and borrowings held.

TABLE 16.19—MAXIMUM CREDIT LIMIT OF SELECTED SOCIETIES  
IN ETROZIPUR—1956-7

	Maximum credit limit for the society as approved by the Co-operation Department (Rs)	Number of members as in June 1957	Total of individual credit limits of members <sup>1</sup> (Rs)	Highest credit limit fixed for an individual member in the General Body meeting (Rs)	Maximum credit limit of the society worked out strictly according to rules (Rs)
	1	2	3	4	5
E1	10,000	47	22,790	1,000	16,099
E2 <sup>2</sup>	—	13	4,000	500	1,630
E3	5,000	44	15,800	1,000	12,887
E4 <sup>3</sup>	4,500	26	10,300	500	8,495
E5 <sup>3</sup>	3,000	17	5,950	500	4,523
E6	5,000	34	11,950	500	10,255
E7 <sup>4</sup>	—	23	—	—	—
E8	3,000	45	15,550	1,000	2,828
E9	8,000	53	17,075	800	10,381
E10	5,000	23	8,560	800	6,250
E11	20,000	150	65,130	1,000	44,832
E12 <sup>3</sup>	4,000	30	19,100	1,000	15,854
E13	12,000	51	38,250	1,000	31,238
E14	20,000	91	40,900	800	26,141
E15 <sup>3</sup>	1,00,000	272	74,935	1,000	2,38,460 <sup>4</sup>
E16 <sup>3</sup>	—	32	11,850	900	7,692
E17	22,000	217	75,235	1,000	55,589
E18 <sup>3</sup>	45,000	126	67,945	1,000	1,58,350 <sup>4</sup>
E19 <sup>3</sup>	40,000	182	71,380	1,000	1,68,400 <sup>4</sup>
E20 <sup>3</sup>	40,000	134	62,200	1,000	1,69,850 <sup>4</sup>

(Source: General Supply Schedule No. 1)

<sup>1</sup>Arrived at on the basis of data collected in Appendix to GSS(1).<sup>2</sup>Dormant.<sup>3</sup>Limited liability society.<sup>4</sup>Estimated at ten times the owned funds of the society.

of membership or to the total cash-credit limits of individual members as may be seen by comparing column 1 with column 3 of Table 16.20. The cash-credit limit allowed to the societies was lower than the sum total of limits fixed for the individual members. Further, the drawbacks in the procedure for disbursement of loans made the problem more complicated. For instance, in Societies E14 and E15, more than half of the members did not get loans, while in some others, bigger cultivators and the Managing Committee members received the lion's share, even without repaying the previous loans. Thus, in Etawah there was not only the problem of procedural defects in fixing the maximum credit limit of societies but also of arbitrary cutting down of credit limits by Inspectors and by the central bank. For instance, the maximum borrowing power of Society E10 with eighteen members was fixed in March 1957 at Rs 4,000, while that of Society E9 with 110 members was fixed in February 1957 at Rs 5,000 only.

TABLE 16.20—MAXIMUM CREDIT LIMIT OF SELECTED SOCIETIES  
IN ETAWAH—1956-7

	Maximum credit limit of the society as recommended by the General Body meeting and approved by the central bank	Number of members as in June 1957	Total of cash-credit limits fixed for individual members
	(Rs)		(Rs)
E1	2,500	32	—
E2	4,500	46	—
E3	4,500	69	—
E4 <sup>1</sup>	6,000	86	11,600
E5	4,000	37	—
E6	3,000	57	—
E7	5,000	45	—
E8	5,000	78	—
E9	5,000	110	—
E10	4,000	18	—
E11	3,500	30	—
E12 <sup>1</sup>	8,000	89	18,191
E13 <sup>1</sup>	15,000	77	8,600
E14 <sup>1</sup>	12,000	158	—
E15 <sup>1</sup>	12,500	133	24,650
E16 <sup>1</sup>	5,000	51	—
E17 <sup>1</sup>	12,500	118	12,097

(Source: General Supply Schedule No. 1)

<sup>1</sup>Societies in the Mahewa Rural Credit Project area.

Whereas in Etawah almost all the societies were of limited liability type and their credit limit was revised every year, in Mandsaur most of the societies were of unlimited liability type and in many cases, the maximum borrowing power was not revised periodically. In the case of most of the selected societies, the maximum borrowing power was not revised since registration (Table 16.21).

In the case of a primary society with limited liability, the maximum borrowing power was fixed in relation to its owned funds. In the case of an unlimited liability type society, the borrowing power was fixed at ten times the paid-up value of shares of the central bank held by it or fifteen times the total land revenue paid by members, whichever was less. Details regarding fixing of credit limits for individuals were discussed in Section 14.2.8. The maximum limit upto which a member of a primary credit society obtained loans differed with different types of societies but it never exceeded Rs 2,000 (except in the case of a large size society wherein the maximum credit limit as fixed by the Assistant Registrar was Rs 3,000), and in the case of members of an unlimited liability type of society, it never exceeded Rs 1,000. The maximum credit limit for an individual member was generally laid down in the by-laws.

TABLE 16.21—MAXIMUM BORROWING POWER OF SELECTED SOCIETIES IN MANDSAUR—1956-7

	Was the maximum borrowing power revised since registration? If so, the year in which it was revised	Maximum borrowing power of the society (Rs)	Number of members as in June 1957
M1	No	4,000	26
M2	No	6,000	22
M3	No	10,000	11
M4	..	2,500	13
M5	..	6,100	39
M6	No	15,000	33
M7	No	10,000	45
M8	No	10,000	31
M9	No	7,000	20
M10	No	10,000	42
M11	No	5,000	62
M12	March 1957	15,000	27
M13	No	3,000	19
M14	No	10,000	31
M15	Yes <sup>1</sup>	2,88,250 <sup>2</sup>	311
M16	Yes <sup>1</sup>	7,500 <sup>3</sup>	39

(Source: General Supply Schedule No. 1)

<sup>1</sup>Revised at the time of reorganization into a large size society.

<sup>2</sup>As fixed by the Assistant Registrar at the time of registration.

<sup>3</sup>Relates to pre-merger small size society. For the large size society the maximum borrowing power was fixed at eight times the paid-up share capital and reserves.

The data given in Table 16.21 indicate that the maximum borrowing power of the societies did not bear a relation to the total individual credit limits of members. Thus, in Society M1 the maximum borrowing power was fixed in 1920 at Rs 4,000 though it had a membership of 26. In Society M3, on the other hand, which had only eleven members in June 1957, the maximum borrowing power was fixed at Rs 10,000.

The position regarding societies in Gaya and Nadia was somewhat different from that obtaining in other districts because most of the societies were dormant. Among the working societies in Gaya, though the maximum borrowing power of limited liability type societies was fixed generally at ten times the share capital and reserves, and that of unlimited liability type societies in relation to the assets of members, in respect of some of the small size societies it was fixed in the General Body meeting at a much higher level. Many societies issued only short-term loans in the form of fertilizers and most of the loans including medium-term loans did not exceed Rs 100. In Nadia, under the crop loan rules formulated by the Government of West Bengal, the maximum credit limit per member was fixed at Rs 250 which did not bear any relation to cash outlay on crops.

The discussion above may be summarized as follows. In Broach, short-term, medium-term and pledge loans were given by the primary societies, though the emphasis on medium-term loans appeared to be quite inadequate. In East Khandesh, only short-term production loans were given to the virtual neglect of medium-term loans. In practice, tenants were rarely given crop loans. As will be seen later, cultivators were also not given pledge loans by marketing societies on any significant scale. In Dharwar, short-term and medium-term loans were given by primary societies in accordance with the loan policy; pledge loans were given mostly, as will be seen later, by marketing societies. In all these three districts, due dates for repayment of short-term loans were fixed, and the loans did not run for a full period of one year; in Broach and East Khandesh, due dates of repayment were not fixed in relation to the harvesting period.

In Coimbatore, [according to GSS(1) data] short-term and medium-term loans constituted 52 per cent and 48 per cent, respectively, of the total advances. It was observed that a large number of loans were given for medium-term purposes and the proportion of outstandings of such loans to the total loans outstanding at the end of the year exceeded 50 per cent in many of the selected working societies. The proportion of these loans to total loans outstanding in June 1957 was as high as 80 per cent or more in nine out of the nineteen societies selected for investigation. Even in the two societies, viz., C1 and C17 which were operating in the area covered by the 'Full Finance Scheme', the proportion of outstanding medium-term loans to total loans outstanding at the end of June 1957 was 67 per cent and 91 per cent, respectively. This shows the extent of divergence between the loan policy actually followed and the crop loan system recommended under the Integrated Rural Credit Scheme. In West Godavari, a fairly large proportion of loans was advanced against pledge of produce. If pledge loans advanced by primary credit societies were excluded, then 88 per cent of the loans advanced by these societies were for short-term purposes. In the absence of any effort to link the quantum of loan to cash outlay on crops, it may be said that both in Coimbatore and West Godavari the emphasis was 'more on the 'assets-nexus' than on the 'crop-nexus'.

Though the proportion of short-term loans reported to have been advanced by societies in Ferozepur was quite large, most of these loans were actually treated by cultivators as medium-term loans. The method of determining the amount to be recovered from the borrowers was such that a large proportion of short-term loans tended, in effect, to become medium-term loans, because of the absence of strictness in recovery. The overdues as reported in this district were, therefore, more or less under-estimates. No pledge loans were advanced by the credit societies. Hence, the loan policy as laid down by Government, the method of fixing of credit limits, the administrative arrangements regarding sanctioning of loans, audit, and the *Kistbandi* system of estimating the demand (recovery during the year) as obtaining in Ferozepur were not on the lines of the Integrated Rural Credit Scheme.

Even in regard to the Mahewa Rural Credit Project area of Etawah, the loan policy as also the procedure regarding fixation of credit limits resulted in giving

large discretionary powers to the Managing Committees of the primary societies. The credit societies did not give medium-term loans, and pledge loans were not given on any significant scale by the marketing societies.

In Mandsaur, there was a virtual neglect of the short-term loans ; medium-term loans accounted for about 98 per cent of the total advances during the year under Survey. These so-called medium-term loans were given for a period of two to five years. The central banks did not even insist on giving a stipulated portion of total advances as short-term loans. No pledge loans were advanced by the credit societies. The policy and procedure obtaining in this district also fell far short of the crop loan system.

In Gaya, as was seen earlier, the co-operative credit structure was adversely affected by the *Credit Agricole* Scheme. None of the credit societies gave pledge loans, and the loan policy as obtaining in the district was not in consonance with the crop loan system.

From the above discussion, it will be seen that the relative importance of various types of loans, viz., short-term production, medium-term and pledge advances (marketing), varied significantly from one district to another. Whereas in Broach, East Khandesh and Dharwar, there was greater emphasis on short-term loans, in Coimbatore and Mandsaur, medium-term loans were more important than short-term loans, as will be seen from the summary statement below.

	Proportion of advances made to agricultural credit societies for medium-term purposes to total advances of central banks during 1956-7 <sup>1</sup>	Proportion of advances for medium-term purposes to total advances of all selected agricultural credit societies <sup>2</sup>
Broach ..	—	2 <sup>4</sup>
East Khandesh ..	—	—
Dharwar ..	7	11
Coimbatore ..	14	48
West Godavari ..	2 <sup>3</sup>	8 <sup>1</sup>
Ferozepur ..	1	—
Etawah ..	—	—
Mandsaur ..	73	98
Gaya ..	19	25
Nadia ..	—	—

<sup>1</sup>Vide Table 14.8, Column 2.

<sup>2</sup>Vide Table 16.15, Column 5.

<sup>3</sup>Refers to medium-term loans advanced by the Eluru Central Co-operative Bank.

<sup>4</sup>Of the total loans advanced by selected societies, the proportion of medium-term loans was 2 per cent and 8 per cent in Broach and West Godavri, respectively; however, the corresponding proportion was 4 per cent and 12 per cent if pledge advances were excluded from total advances.

In Ferozepur, as was seen earlier, most of the so-called short-term loans were, in effect, medium-term loans, while in Gaya, short-term loans were generally in the form of fertilizer loans and most of the cash loans were for medium-term duration. The relatively greater emphasis on medium-term loans in some districts, and that on short-term loans in others, only confirms the conclusions, referred to earlier, that in almost all the districts the scales of finance were not analytically worked out and that the loan policies of central banks and primary credit societies were not reoriented on the lines of the Integrated Rural Credit Scheme.

#### 16.2.6 Rates of interest

Data regarding rates of interest charged by central financing agencies on loans and advances to primary societies were discussed in Section 14.3.4. It was observed that rates of interest charged by the central financing agencies generally exceeded  $5\frac{1}{2}$  per cent in Mandsaur, Ferozepur, Etawah and Nadia. These were relatively low at 4 per cent to  $4\frac{1}{2}$  per cent in Broach and West Godavari and were slightly higher at  $4\frac{1}{2}$  per cent to  $5\frac{3}{4}$  per cent in Dharwar, Coimbatore and Gaya.

The rates of interest charged by the central banks to the primary societies influenced the rates to be paid by the individual borrowers to the primary credit societies. Loans advanced by primary societies were generally at rates of interest varying between  $6\frac{1}{4}$  per cent and  $7\frac{13}{16}$  per cent per annum in Broach, Dharwar, East Khandesh, Coimbatore, West Godavari and Gaya. In Etawah, the rate of interest charged was 9 per cent, while in Ferozepur and Mandsaur it varied between  $7\frac{1}{2}$  per cent and  $9\frac{3}{8}$  per cent and in Nadia, between  $7\frac{1}{2}$  per cent and  $10\frac{15}{16}$  per cent, as may be seen from Table 16.22.

TABLE 16.22—RATES OF INTEREST CHARGED BY SELECTED PRIMARY CREDIT SOCIETIES—1956-7

	PROPORTION OF ADVANCES AT THIS RATE OF INTEREST TO TOTAL ADVANCES (Per cent per annum)				Total amount advanced (In thousands of rupees)
	Less than $6\frac{1}{4}$ per cent	$6\frac{1}{4}$ per cent to $7\frac{13}{16}$ per cent	$7\frac{13}{16}$ per cent to $9\frac{3}{8}$ per cent	$9\frac{3}{8}$ per cent and above	
	1	2	3	4	
Broach	12	87	1	—	30,11
East Khandesh	—	—	100	—	2,87
Dharwar	—	—	100	—	5,50
Coimbatore	—	100	—	—	5,57
West Godavari	—	100	—	—	41,88
Ferozepur	—	18	21	61	2,72
Etawah	—	—	100	—	98
Mandsaur	—	5	95	—	1,55
Gaya	43	57	—	—	21
Nadia	—	4	52	44	48

(Source : General Supply Schedule No. 1)

It was observed in Section 14.1.6 (on the basis of Appendix Table 14.8) that funds from the Reserve Bank of India constituted a significant portion of the total loans granted by the central banks in Broach, Dharwar, Ferozepur and West Godavari; this will be seen from Table 16.23.

TABLE 16.23—ADVANCES FOR AGRICULTURAL PURPOSES—1956-7

(Amount in lakhs of rupees)

	Amounts drawn from the Reserve Bank of India by central banks	Amounts advanced by central banks to agricultural societies (both credit and marketing)	Amounts advanced by all the agricultural credit societies in the district during 1956-7	Most usual rate of interest charged by primary credit societies (Per cent per annum)
	1	2	3	4
Broach ...	125.00	300.91	142.49	6½
East Khandesh ...	21.00	298.85	185.43	7½ <sup>13</sup> / <sub>16</sub>
Dharwar ...	70.00	188.66	136.61	7½ <sup>13</sup> / <sub>16</sub>
Coimbatore ...	17.00	110.87	108.33	6½
West Godavari ...	78.50	227.70	230.08	6½
Ferozepur ...	28.50	58.48	60.48	9¾
Etawah ...	—	21.70	19.59	9
Mandsaur ...	2.00	24.05	23.76	9
Gaya ...	—	5.44	4.38	3 to 7
Nadia ...	9.55	10.14	4.76	7½-10½ <sup>15</sup> / <sub>16</sub>
Bikaner ...	—	—	—	—

(Source: General Supply Schedule No. 1 and 2; See also Appendix Tables 14.8 and 14.11)

In Ferozepur and Nadia, amounts drawn from the Reserve Bank of India were sizeable when seen in relation to the amounts advanced by the primary agricultural credit societies; the rates of interest charged to cultivators by the primary societies were relatively high.

One of the main objectives of the Mahewa Rural Credit Project was to facilitate advancing of co-operative loans at 7½<sup>13</sup>/<sub>16</sub> per cent in the area covered as against 9 per cent charged by co-operatives in the area not covered by it. According to the Progress Report<sup>1</sup> on the Project, primary societies in the area obtained in 1956-7 through the Mahewa Block Development Union *taccavi* loans amounting to Rs 37,000 for a period of two years at 5½ per cent; it was, however, observed that none of the selected societies implemented the proposal though some of these had passed resolutions to this effect. It was reported that in some cases the reduction in the rate of interest was made applicable only in respect of pledge loans advanced by the Mahewa Block Development Union to members. In fact, it was noticed that the *taccavi* loans which were obtained from the Government

<sup>1</sup>A brief Report on the Mahewa Project upto 31 December 1956—page 4.



specifically to effect a reduction in the rate of interest charged to members were utilized in an unbusiness-like manner for repaying the outstanding dues to the central banks.

Rates of interest charged by the co-operatives in the different districts need to be studied in the context of the prevailing rates of interest charged by other agencies. Details about the prevailing levels of rates of interest are given in Table 16.24 and Appendix Table 16.2 in which data relating to proportion of borrowings from all credit agencies at rates of interest higher than  $12\frac{1}{2}$  per cent and 25 per cent per annum to the total borrowings are shown.

TABLE 16.24—LEVELS OF RATES OF INTEREST IN 1956-7

		PROPORTION OF BORROWINGS FROM ALL AGENCIES AT RATES HIGHER THAN THIS TO TOTAL BORROWINGS (PER CENT)		Value of grain loans as proportion of total borrowings during the year <sup>1</sup> (Per cent)
		$12\frac{1}{2}$ per cent per annum	25 per cent per annum	
Broach	...	16	2	1
East Khandesh	...	10	—	1
Dharwar	...	18	2	4
Coimbatore	...	1	—	—
West Godavari	...	8	—	1
Ferozepur	...	42	—	3
Etawah	...	67	10	6
Mandsaur	...	61	1	3
Gaya	...	67	10	11
Nadia	...	55	52	1
Bikaner	...	7	—	—

(Source: General Demand Schedule No. 1)

<sup>1</sup>Data relate to value of grain loans as percentage of cash loans borrowed during the year.

It will be observed that the levels of rates of interest were very high in Nadia, where about 52 per cent of the total borrowings was at rates of interest higher than 25 per cent. The position was slightly better in Gaya and Etawah, where about 10 per cent of the borrowings was at rates of interest higher than 25 per cent. Levels of rates of interest in Ferozepur and Mandsaur were slightly lower than in the districts mentioned above. In Broach, East Khandesh, Dharwar, Coimbatore and West Godavari, the rates of interest were relatively low as compared to other districts. Loans in kind predominated only in Gaya, where the agricultural economy was relatively less monetized; loans in kind were also reported on a small scale in Etawah, Ferozepur, Mandsaur and Dharwar.

In Broach, East Khandesh and West Godavari, borrowings from co-operatives formed a relatively high proportion of total borrowings. Though it is difficult to establish any direct relationship between levels of rates of interest and the extent of borrowings from co-operatives, it may be said that the greater availability of

co-operative credit in these three districts might have some bearing on the relatively lower rates of interest.

#### 16.2.7 Utilization of loans

Among the various measures envisaged in the Integrated Rural Credit Scheme for ensuring proper supervision over utilization of loans, the more important ones were: (1) adoption of the crop loan system so as to ensure that the quantum of loan was adequate, a portion of the loans to be given in kind and in instalments, and the date of disbursement and recovery of loans to be properly fixed in relation to the needs of the cultivators and the period of harvest, (2) State participation in primary credit societies, (3) provision of full-time trained secretary and (4) rational allocation of functions in regard to audit, supervision and inspection. Many of the aspects covered in (1) and (2) above were discussed in the earlier sections and are further discussed in Section 16.4; the position regarding employment of full-time secretaries is discussed in Section 16.3. In this sub-section, an attempt is made to assess the extent to which co-operative loans were utilized for purposes other than those stipulated by co-operatives. This will be followed by a discussion of some of the important points regarding supervision and audit brought out in the course of the investigation.

#### *Use of co-operative loans for stipulated purposes*

It was observed from the memorandum prepared by the field-staff on the working of each of the selected societies that in almost all the selected societies adequate arrangements were not made for a strict supervision over the utilization of loans by members, so as to ensure that the loans were actually utilized for the purposes for which they were given. For instance, in Mandsaur all loans were given for a period of two to five years and were mostly for medium-term purposes; the memoranda on the selected societies generally revealed that there were neither procedural checks nor arrangements for verification of the utilization of loans. In Etawah, on the other hand, many loans were reported to have been given for purchase of cattle. The rules required a primary society to maintain a 'cattle register', but it was found that in many societies 'cattle registers' were not maintained. Hence, even in this regard, it may be said that the arrangements for supervision over the utilization of loans were far from satisfactory.

In many societies, loans were given for current farm expenditure. Details regarding expenditure on current consumption account which would have provided some evidence regarding utilization of co-operative loans were not collected in the General Demand Schedule No. 1, as it was not intended to constitute an enquiry into family expenditure. Hence, it is not possible to measure the extent to which loans given for current farm expenditure were actually used for current consumption and to give a complete statistical account of the extent to which loans given for stipulated purposes were used for purposes other than those stipulated.

However, on the basis of data collected during the Survey in GDS(1) it is possible to assess roughly the extent to which co-operative loans given for capital

expenditure in agriculture were used for certain recorded items of family expenditure and for other purposes. Data regarding the use of co-operative loans for capital expenditure as also for recorded items of family expenditure are given in Table 16.25.

TABLE 16.25—UTILIZATION OF CO-OPERATIVE LOANS—1956-7

	GENERAL SUPPLY SCHEDULE No. 1					GENERAL DEMAND SCHEDULE No. 1						
	PROPORTION OF ADVANCES <sup>1</sup> OF WORKING SOCIETIES OPERATING IN VILLAGES SELECTED FOR DEMAND INVESTIGATION FOR DIFFERENT PURPOSES					AVERAGE BORROWINGS <sup>2</sup> FROM CO-OPERATIVES FOR DIFFERENT PURPOSES AS REPORTED BY CULTIVATORS					AVERAGE EXPENDITURE <sup>2</sup> FINANCED OUT OF BORROWINGS FROM CO-OPERATIVES PER FAMILY	
	SHORT-TERM			MEDIUM-TERM		Total	OF THE TOTAL BORROWINGS THAT WHICH WAS FOR					
	Agricultural	Marketing	Others	Agricultural	Others		Current farm expenditure	Capital expenditure in agriculture	Consumption	Other purposes including capital expenditure for non-farm business		
											(Per cent)	(Per cent)
	1	2	3	4	5	6	7	8	9	10	11	12
Broach	45	53	—	2	—	152	129	6	4	13	21	22
East												
Khandesh	100	—	—	—	—	114	109	4	1	—	6	4
Dharwar	87	—	—	13	—	46	26	15	3	3	20	5
Coimbatore	22	—	30	39	9	15	3	8	2	2	6	—
West												
Godavari	51	38	6	5	—	99	16	42	16	26	45	7
Ferozepur	61	—	39	—	—	28	4	20	3	1	10	2
Etawah	100	—	—	—	—	17	1	16	1	—	7	2
Mandsaur	1	—	1	67	32	23	—	16	5	2	13	4
Gaya	79	—	—	21	—	—	—	—	—	—	—	—
Nadia <sup>3</sup>	—	—	—	—	—	2	1	1	—	—	1	—

<sup>1</sup>Refers to the period July 1956 to June 1957.

<sup>2</sup>Refers to the period May 1956 to April 1957.

<sup>3</sup>No advances were made by selected working societies in villages selected for demand-side investigation.

The data given in columns 1 to 5 are based on GSS(1) filled in for the selected societies working in the villages selected for demand-side investigation. The data

given in columns 6 to 12 are based upon the data collected in GDS(1). Any comparison that may be instituted between the two sets of data can have only very limited validity. Though the data relating to expenditure on current farm operations and that on current consumption account were not available as stated above, comparison of data given in column 9 and column 12 indicates that co-operative loans were, sometimes, utilized for purposes other than those stipulated by co-operatives.

A little over 5 per cent of the expenditure on recorded items of family expenditure was financed out of borrowings<sup>1</sup> from co-operatives in Broach; about 14 per cent of the total borrowings from co-operatives was utilized for this purpose. So far as co-operative loans for capital expenditure in agriculture were concerned, there was no reason to believe that the loans were utilized on a large scale for purposes other than those stipulated in Broach, East Khandesh, Dharwar, Coimbatore, West Godavari and Nadia. The highest average capital expenditure financed out of borrowings from co-operatives was reported in West Godavari, followed by that in Broach and Dharwar. The proportion of capital expenditure in agriculture financed out of borrowings from co-operatives was 13 per cent in West Godavari, 7 per cent in Broach and 8 per cent in Dharwar. In Ferozepur, Etawah and Mandsaur, loans given for capital expenditure appeared to have been utilized for purposes other than those stipulated.

Use of borrowed funds for purposes other than those stipulated, of course, needs to be studied in the context of divergence between the policy recommended in the Integrated Rural Credit Scheme and that actually obtaining in the selected districts. In no district were all the important features of the Integrated Rural Credit Scheme (and crop loan system) introduced. It is, therefore, not surprising to find that sometimes co-operative funds were being utilized for purposes other than those stipulated.

#### *Arrangements regarding supervision*

Arrangements regarding supervision, audit and inspection were discussed in detail in Chapters 13 and 14. In Broach, Dharwar and East Khandesh, supervision over the primary credit societies was entrusted to the supervising unions. The Supervisors working in these unions were on deputation from the Co-operation Department and hence supervision was partly the responsibility of the Government in these districts. In Coimbatore and West Godavari, the function was performed by the supervising unions which were under the administrative control of the central banks. Supervision was exercised by the central banks in Mandsaur and Nadia and by the Co-operation Department in Ferozepur and Bikaner. In Ferozepur, the same agency was performing the duties of audit, inspection and supervision. In Etawah, supervision was conducted by Supervisors who were appointed by the Co-operative

<sup>1</sup>For a discussion on the proportion of expenditure financed out of borrowings from co-operatives, see Chapter 6.

Union but were under the administrative control of the central bank. In Gaya, the Supervisors were appointed by the Co-operation Department and deputed to work in the central banks. Thus, the pattern of organization for supervision differed widely in the selected districts.

Though it is difficult to make any precise assessment of the work-load on supervisory staff because of wide variations in the pattern of allocation of responsibilities regarding supervision and inspection, it could be stated that the staff for supervision of primary credit societies appeared to be inadequate in almost all the selected districts. Table 16.26 presents data in respect of the number of societies entrusted to a Supervisor in the selected districts.

TABLE 16.26—WORK-LOAD ON SUPERVISORY STAFF

		Average number of societies expected to be supervised per Supervisor
Broach	..	20 to 40
East Khandesh	..	20 to 40
Dharwar	..	20 to 40
Coimbatore	..	17
West Godavari	..	20 to 25
Ferozepur	..	36
Etawah	..	22 to 32 <sup>1</sup>
Mandsaur	..	50
Gaya	..	50 to 70
Nadia	..	75
Bikaner	..	29

(Source: Office of the Assistant Registrar of Co-operative Societies)

<sup>1</sup>Including a seed store and a union.

It may be mentioned in this connexion that the Standing Advisory Committee on Agricultural Credit at its fifth meeting recommended that a Supervisor should not have in his charge more than 15 large size societies or 25 small size societies. But in almost all the districts, work-load on the supervisory staff was more than that recommended by the Standing Advisory Committee on Agricultural Credit.

In many districts, the visits of the Supervisors to the societies were not frequent. It was observed that, generally, the Supervisors were not attending to some of the more important items of their duties such as rectification of defects detected in the course of audit, supervision over maintenance of books of accounts, etc., in an efficient way. In many societies, the records were missing and copies of by-laws were not available. The maximum borrowing power stipulated in their by-laws had not been revised since the time of registration, in some cases for as long a period as ten years or more. In Broach, East Khandesh, Dharwar, Coimbatore and West Godavari, some of the supervising unions were not working satisfactorily. In Ferozepur, supervision exercised by the Sub-Inspectors was ineffective since they were also in charge of audit of the primaries. In Mandsaur too, supervision exercised by the supervising officers of the central banks and the group secretaries was unsatisfactory.

*Audit*

As was pointed out in Chapter 13, audit of co-operative societies was the statutory responsibility of the Registrar of Co-operative Societies in all the selected districts except Ferozepur and Etawah. While the statutory responsibility for audit in Ferozepur was entrusted to the Chief Auditor who was independent of the Registrar of Co-operative Societies, Punjab, the actual audit of primary credit societies was being done, as a transitional arrangement, by the Sub-Inspector. In Etawah, the audit functions were vested in the Finance Department of the State Government.

Ordinarily, every credit society was expected to be audited annually. Whereas in some States such as Madras, the period of audit covered the co-operative year and every society was to be audited each year, in others such as Bombay, the audit covered the entire period from the date of previous audit to the date on which the auditor visited the society. Hence, it is difficult to make a precise assessment of the extent to which audit work was carried out regularly. There were also cases, particularly in one of the selected districts, where the 'audit', if it can be called so, of dormant societies meant copying of the reports made by auditors during the earlier 'audit', which were maintained in the district co-operative offices; in these cases the auditor sometimes did not even visit the place where the society was located.

The position regarding audit as obtaining in the case of the selected societies is indicated in Table 16.27.

TABLE 16.27—PROGRESS OF AUDIT OF SELECTED SOCIETIES—1956-7

	NUMBER OF SOCIETIES IN RESPECT OF WHICH THE LATEST YEAR FOR WHICH THE ACCOUNTS WERE AUDITED WAS			Number of societies whose accounts were not audited for any of the three years 1954-5 to 1956-7	Total number of societies studied
	1956-7	1955-6	1954-5		
	1	2	3	4	5
Broach ..	13	3	—	—	16
East Khandesh ..	11	3	—	—	14
Dharwar ..	14	2	—	—	16
Coimbatore ..	11	7	—	1 <sup>1</sup>	19
West Godavari ..	17	2	—	—	19
Ferozepur ..	16	2	—	2 <sup>2</sup>	20
Etawah ..	1	5	9	2 <sup>3</sup>	17
Mandsaur ..	7	9	—	—	16
Gaya ..	11	1	3	3	18
Nadia ..	14	2	—	—	16

(Source: General Supply Schedule No. 1)

Note: If the accounts of any society for a major part of the year (six months or more) were audited, the accounts of such societies were taken as audited for the entire year.

<sup>1</sup>Registered in April 1957.

<sup>2</sup>In respect of one society information was not available; the other society was under liquidation.

<sup>3</sup>One of the societies was registered in April 1956 and hence was not audited.

Accounts in respect of three societies in Gaya and one in Etawah were not audited since 1954-5. Further, in nine societies in Etawah and three in Gaya, the latest audit was for the year 1954-5. In Etawah and Gaya, audit appeared to be in serious arrears. The heavy arrears in Gaya and Etawah were attributed to inadequate staff. It will also be seen that the position in this regard was not unsatisfactory in West Godavari, Coimbatore, Dharwar, Broach, East Khandesh and Ferozepur.

In almost all the districts, the work-load on the audit staff appeared to be very heavy. The number of societies placed in charge of an auditor, as reported by the district co-operative officials in the selected districts is shown in Table 16.28.

TABLE 16.28—WORK-LOAD ON AUDIT STAFF

	Designation of the auditor	Average number of societies expected to be audited (per auditor)
Broach	Special auditor	57
	Auditor	88
	Sub-auditor	90
East Khandesh	Special auditor	50 <sup>1</sup>
	Auditor	72
	Sub-auditor	84
Dharwar	Special auditor	40
	Auditor	60
	Sub-auditor	70
Coimbatore	Junior Inspector	60 to 65
	Senior Inspector	20 to 25
	Overall	95
West Godavari	Junior Inspector	40
	Senior Inspector	10 to 12
Ferozepur		34
Etawah		115
Mandsaur		60 <sup>2</sup>
Gaya		60 <sup>3</sup>
Nadia		74
Bikaner		48 <sup>4</sup>

(Source : Office of the Assistant Registrar of Co-operative Societies)

<sup>1</sup>Average number of societies per auditor under Special auditor was 60.

<sup>2</sup>Relates to average number of societies actually audited per auditor.

<sup>3</sup>Audit for two to three years was done at a stretch.

<sup>4</sup>Represents average for the year 1955-6 and 1956-7.

Except in West Godavari and Ferozepur, the number of societies in charge of an auditor was large. It was as large as 115 in Etawah, 95 in Coimbatore, 90 in Broach, 84 in East Khandesh, 74 in Nadia, 70 in Dharwar, 60 each in Mandsaur and Gaya

and 48 in Bikaner. It may be mentioned in this connexion that the Standing Advisory Committee on Agricultural Credit at its fifth meeting recommended that an auditor should not have in his charge more than 45 small size societies or 20 large size societies. It will thus be seen that the standards prescribed were not adhered to in most of the districts.

In regard to the efficiency with which audit and supervision work was being discharged in the districts, it was observed that in many societies, the defects reported in the previous audit reports were found to exist in the subsequent audit reports also, as necessary follow-up action was not taken by the Co-operation Department<sup>1</sup>; such cases were fairly large in two districts. In a few societies, it was also observed that the auditors did not even record the dates of their visits to the societies. Further, it was also found that in some districts, including some of the co-operatively developed districts, the audit reports were not being issued promptly.

### 16.3 STATUS OF SECRETARIES AND MANAGEMENT OF SOCIETIES

Arrangements regarding employment of secretaries in the selected districts may be divided broadly into five types, viz., (1) full-time paid, (2) part-time paid, (3) group secretary, (4) Village Level Worker as secretary and (5) honorary secretary. For the purpose of this classification, a full-time trained and paid secretary was defined as a person who was a full-time employee of the society, who was not a cultivator/borrower, and who had undergone training at least for a period of six months or had experience of co-operation for a period of not less than three years. A person who had undergone the refresher course in a regional school or who had two years experience in co-operation was treated as partially trained. A part-time secretary was defined as a person who was not a full-time employee of the society, or one who had some other occupation or employment (including cultivation).

In Mandsaur, the practice of employing a person as secretary for a group of societies was prevalent; the group secretary who was an employee of the central bank had to maintain accounts of several societies, generally in a compact area. In some of the NES block areas, particularly in Etawah, the Village Level Worker himself acted as a secretary, while in other societies the secretary's work was done by a member, who might even be a borrower, on an honorary basis.

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<sup>1</sup>In this connexion, an extract from a note prepared by a retired auditor of the Co-operation Department is of significance.

"Thus the administrative staff is required to be under the obligations and influence of the non-official workers. Their interests become identical at times and so the administrative staff though required to be outspoken and just to the extent of being harsh to the offenders cannot, as a policy, afford to be so. The leniency of administration towards offenders is often garbed under administrative tact which in the long run proves to be harmful."

It was obviously beyond the scope of the Survey to go into the detailed implications of the state of affairs referred to here.



The frequency distribution of the selected societies according to the status of secretary employed is given in Table 16.29.

TABLE 16.29—DISTRIBUTION OF SOCIETIES ACCORDING TO STATUS OF SECRETARIES—1956-7

		NUMBER OF SOCIETIES IN WHICH SECRETARY WAS									No secretary	Num- ber of dorm- ant soci- eties
		FULL-TIME PAID			PART-TIME PAID			Group secretary	Vill- age Level Worker	Hono- rary secretary		
		Fully train- ed	Parti- ally train- ed	Un- train- ed	Fully train- ed	Parti- ally train- ed	Un- train- ed					
		1	2	3	4	5	6	7	8	9	10	11
Broach	Large size	1	3	2 <sup>1</sup>	—	1	2	—	—	1 <sup>2</sup>	—	—
	Small size	—	—	—	—	1	4 <sup>1</sup>	—	—	—	—	1
East Khandesh	Large size	1	—	—	2	—	—	—	—	—	—	—
	Small size	6	—	—	4	1	—	—	—	—	—	—
Dharwar	Large size	—	3	3 <sup>1</sup>	—	1	—	—	—	—	—	—
	Small size	—	1	—	—	6	—	—	—	1 <sup>2</sup>	—	1
Coimbatore	Large size	4	—	—	—	—	—	—	—	—	—	—
	Small size	—	—	—	—	—	—	—	—	11	3	1
West Godavari	Large size	13	—	—	1	—	—	—	—	—	—	—
	Small size	—	—	—	—	—	—	—	—	5	—	—
Ferozepur	Large size	1	—	—	2	—	1	—	—	—	—	—
	Small size	—	—	—	5	1	1	—	—	2	1	6
Etawah	Small size	—	—	—	—	—	2 <sup>3</sup>	—	4 <sup>4</sup>	10 <sup>5</sup>	1	—
	Large size	1	—	—	—	—	—	1 <sup>6</sup>	—	—	—	—
Mandsaur	Small size	—	—	—	—	—	—	14 <sup>6</sup>	—	—	—	—
	Large size	2 <sup>7</sup>	—	—	—	—	—	—	—	1	—	—
Gaya	Small size	—	—	—	—	—	—	—	—	4 <sup>8</sup>	—	11
	Large size	2 <sup>9</sup>	—	—	—	—	—	—	—	—	—	—
Nadia	Small size	—	—	—	—	—	—	—	—	3	—	11
	Large size	25	6	5	5	2	3	1	—	2	—	—
Total	Small size	6	1	—	9	9	7	14	4	36	5	31

(Source: General Supply Schedule No. 1)

<sup>1</sup>One of the secretaries was sent for training.

<sup>2</sup>Received honorarium.

<sup>3</sup>Also known as group secretary.

<sup>4</sup>One of the societies had an honorary secretary also.

<sup>5</sup>Three out of the ten societies had Village Level Workers also attached to them.

<sup>6</sup>Employees of the central bank having 16 to 27 societies under their control.

<sup>7</sup>Trained managers on deputation from Government in addition to honorary secretaries.

<sup>8</sup>In one of the societies, a Village Level Worker maintained the accounts.

<sup>9</sup>In addition to secretaries, there were full-time paid and trained managers.

Many large size societies in Broach, Dharwar, Coimbatore and West Godavari had full-time paid secretaries. The position regarding small size societies was, however, very unsatisfactory.

Society B9 (small size) from Broach had practically no secretary during the major part of the year 1956-7. The accounts were very badly kept and in spite of instructions from the Department, no efforts were made to put the accounts in order. Two small size societies, viz., B4 and B5, which were run on communal lines, employed the same person as their secretary; the deceased father of the present secretary was also the secretary. The secretary, employed on a part-time basis by Society B7, was also the secretary of a *panchayat* of a nearby place; the registers of this society were maintained in his house. Neither the secretary nor the chairman of the Managing Committee was aware of the rules and procedures and the society did not even possess a complete list of circulars issued by the central bank. The position was not in any way better in other small size societies. The common complaint of the central bank Inspectors and the Supervisors of the area was that they themselves had to maintain the accounts up-to-date and prepare the balance sheet. In fact many of the Supervisors who were employees of the supervising union had to bring the accounts up-to-date when they visited the societies periodically.

Of the nine small size societies in Dharwar, one had employed a full-time, partially trained secretary and six others employed part-time, partially trained secretaries. Society D11, which was practically dormant because most of the loans were overdue for three to four years, had a secretary who was himself a defaulter. The position was unsatisfactory in Society D2 also, the honorary secretary of which admitted that if a drive for recovery of loans was instituted, the repayment performance of members would be satisfactory. The secretary of Society D4 resided in a nearby village and worked as secretary of two societies. All the records of this society were kept at his residence. The secretary of Society D9 was also a defaulter and dominated the affairs of the society, as members of the Managing Committee were illiterate.

In West Godavari and Coimbatore, all the selected large size societies except one in West Godavari employed full-time trained secretaries, most of whom were employees of the central bank on deputation. The small size societies either did not have secretaries or had only honorary secretaries. Thus, in eleven out of fifteen small size societies from Coimbatore, there was an honorary secretary each and three societies did not have secretaries. Society C5 which was dormant, had no secretary and its only function was to recover the overdues. Society C3, which was in a very bad state of affairs was managed by the president himself. The accounts of Society C7 which had no secretary, had to be written by the co-operative Supervisor. In Society C11, the accounts were well maintained by the president himself and the society was fairly well managed. This was more an exception than a rule. In the case of Society C15, the accounts were maintained by the clerk of the supervising union or the Supervisor; this was possible because the president of the society was also the president of the supervising union. Some of the honorary

secretaries were also working as village *karnams*. Thus, in Coimbatore, in only nine out of nineteen societies accounts were well maintained (Table 16.30 on page 445).

As compared to the selected societies in Coimbatore, in many selected societies from West Godavari accounts were relatively better. Out of fourteen large size societies, in thirteen accounts were well maintained; of these, twelve were managed by full-time trained secretaries. In Society W5, though the secretary was part-time trained, accounts were well maintained; the secretary was working as a manager for a nearby society which was in the process of liquidation. In respect of Society W3, though the society employed a full-time paid and trained secretary, accounts were not well kept. Thus, almost all the large size societies in West Godavari, which had shown progress, had full-time trained secretaries.

In Ferozepur, on the other hand, in only two out of twenty societies studied, accounts were properly kept, while in as many as twelve of the selected working societies, the registers were in a very bad state. It was, therefore, not surprising that only in Ferozepur, out of the eleven selected districts, charges of corruption were made by some cultivators against Co-operation Department officials. The unlimited liability type of societies coupled with absence of full-time secretaries in nineteen out of twenty selected societies and a peculiar procedural arrangement whereby Co-operation Department officials had large discretionary powers regarding the disbursement and recovery of loans, made the co-operative credit structure at the primary level very weak. It was found that the so-called full-time secretary of the large size Society F18 was a relative of the salesman and the cashier of the society, both of whom were traders. It was also alleged that the loan amount received from the central bank was not disbursed to members; instead, the management of the society tried to meet all the needs of the Managing Committee members. The Managing Committee members, it was reported, took loans in the names of their wives.

But the most unsatisfactory state of affairs with regard to the maintenance of accounts was observed in Etawah. It was observed that in all the selected societies accounts were badly kept, which may be ascribed to the absence of full-time trained secretaries. Of the seventeen selected societies in Etawah, ten had honorary secretaries, two had part-time group secretaries, and in four societies the Village Level Workers acted as secretaries. One society, viz., Society E1, had no secretary at all; the chairman, assisted by the co-operative Supervisor, was looking after the accounts. Some honorary secretaries were themselves borrowers. Further, because of the peculiar arrangements regarding fixation of credit limits for societies and procedures for sanctioning of loans from the central financing agency, the honorary secretaries could, in collusion with members of the Managing Committee, exercise considerable discretion in giving loans to individual members. Many cultivators complained that they received loan for amounts less than what they were eligible for. The position was no better in societies managed by Village Level Workers; they had many other duties and the maintenance of accounts of the societies was always given the last priority. Thus, it was found that there were irregularities in twelve of the seventeen selected

TABLE 16.30—CLASSIFICATION OF SOCIETIES ACCORDING TO STATE OF ACCOUNTS—1956-7

		Number of selected societies	Number of dormant societies	OF THE WORKING SOCIETIES NUM- BER IN WHICH ACCOUNTS WERE	
				Badly kept	Properly kept
		1	2	3	4
Broach	Large size	10	—	3	7
	Small size	6	1	2 <sup>1</sup>	3
East Khandesh	Large size	3	—	—	3
	Small size	11	—	1	10
Dharwar	Large size	7	—	3	4
	Small size	9	1	6	2
Coimbatore	Large size	4	—	2 <sup>2</sup>	2 <sup>2</sup>
	Small size	15	1	7 <sup>2</sup>	7
West Godavari	Large size	14	—	1	13
	Small size	5	—	1	4
Ferozepur	Large size	4	—	2	2
	Small size	16	6	10	—
Etawah	Small size	17	—	17	—
Mandsaur	Large size	2	—	1	1
	Small size	14	—	6	8
Gaya	Large size	3	—	3	—
	Small size	15	11	4	—
Nadia	Large size	2	—	—	2
	Small size	14	11	3	—
Total	Large size	49	—	15	34
	Small size	122	31	57	34

(Source : General Supply Schedule No. 1)

<sup>1</sup>In one society, the secretary was sent for training and the person working in his place did not keep the accounts properly.

<sup>2</sup>In one of the societies for a major part of the year 1956-7 the accounts were not maintained properly.

<sup>2</sup>Includes two societies in whose case the accounts were brought up-to-date by co-operative Supervisors.

societies from Etawah (Table 16.31). For instance, in Society E3 which was dominated by the chairman, the accounts were so badly kept that he was not even prepared to hand over the books to the Supervisor for routine inspection. In spite of this, no strict action was taken by the Department against this society. Even defaulters were given fresh finance and persons residing outside the jurisdiction of the society were also granted loans.

The position in Mandsaur was not in any way better than that in Etawah. Fifteen (including one large size society) out of sixteen selected societies had group secretaries. The number of societies managed by each group secretary ranged from 16 to 27, spread over a radius of eight to ten miles. The group secretaries, usually overburdened, were not in a position to maintain the accounts of all the societies properly. It was found that in seven of the sixteen selected societies, accounts were badly kept.

In none of the working societies from Gaya were the accounts properly kept. In this district, the secretaries of some of the dormant societies had either misappropriated the funds or were themselves defaulters. In five of the eleven dormant societies in Nadia, there were no secretaries at all. It was found that the funds of Society N10 were misappropriated and were shown in the balance sheet as short-term loans against personal bonds. In Society N16, the figures regarding loans advanced recorded in the personal bonds of the borrowers were reported to have been altered. Thus, there was irregularity and defalcation in two societies in Gaya and three societies in Nadia.

It is, thus, obvious that most of the selected small size societies in the selected districts had untrained honorary secretaries or overworked part-time secretaries who did not maintain the accounts properly. The instances of mismanagement, improper disbursement of loans and partiality in fixing up credit limits and in recovery of loans were thus commonly found in many small size societies, particularly in Ferozepur, Etawah, Mandsaur, Gaya and Nadia.

The performance of Managing Committee members was also unsatisfactory in many selected societies. In as many as 34 working societies, (Table 16.31) either the secretaries or the Managing Committee members were defaulters; in as many as 53 societies, one or more members of the Managing Committee or the secretaries, being either traders, shopkeepers or moneylenders, worked against the interests of the society. It is needless to repeat instances of such domination by vested interests referred to in the earlier discussion. Wherever the procedural arrangement for disbursing loans was not unambiguous, there was a tendency, as in Ferozepur and Etawah, on the part of Managing Committee members to avail of loans larger than what they were entitled to out of the funds received from the central banks.

It was seen earlier how the chairman of Society B8 from Broach who was a trader and a moneylender, actually prevented the society from taking up marketing of produce. There was also the instance of a moneylender who attempted to enter Society B12; fortunately, however, his attempts proved futile. Also in Society B5, another small size society from Broach, cultivator-cum-traders who were members of a private *mandal* (a reference to which is made in Section 17.3.1), successfully prevented development of co-operative marketing. In Dharwar, the petty traders, because of their domination, effectively prevented proper inter-linking between credit and marketing. Some members actually held trading licences and competed with the marketing societies while others bought the produce from smaller cultivators

TABLE 16A. MANAGEMENT OF SELECTED SOCIETIES -1956-7

		OF THE TOTAL NUMBER OF WORKING SOCIETIES, NUMBER IN WHICH			Societies which received management subsidy during the period 1954-5 to 1956-7
		Total Number of selected societies	Secretary or Managing Committee member was defaulter	Secretary or Managing Committee member was trader, money-lender or shopkeeper	
		1	2	3	4
Bhadrachalam	Large size	10		3	1
	Small size	6	2	1	2
		(1)			
East Khammam	Large size	3	—	1	—
	Small size	11	1	1	—
Dharmavaram	Large size	7	6	5	3 <sup>1</sup>
	Small size	9	4	5	4
		(1)			
Guntur	Large size	4	—	3	—
	Small size	15	—	4	4
		(1)			
West Godavari	Large size	14	2	6	3
	Small size	5	—	2	—
Petrozpur	Large size	4	—	2	1
	Small size	16	5	2	6
		(6)			
Elavah	Small size	17	4	8	12 <sup>2</sup>
Mandavaram	Large size	2	—	—	—
	Small size	14	6	4	6
Gaya	Large size	3	1	2	1
	Small size	15	2	—	1
		(11)			
Nadia	Large size	2	1	2	1
	Small size	14	—	2	2
		(11)			
Total	Large size	49	10	24	11
	Small size	122	24	29	37
		(31)			

(Source : General Supply Schedule No. 1)

Note : Figures within brackets indicate dormant societies.

<sup>1</sup>In one society, misappropriation by the ex-chairman was reported.

<sup>2</sup>Irregularities include, among others, treasurer keeping large cash balances, and members of the Managing Committee taking *benami* loans.

and sold it through the marketing society after availing of pledge finance, as was observed in Society D4.

In West Godavari, as observed earlier, the data relating to proportion of loans taken by non-cultivating families, some of whom were non-cultivating absentee

landlords, indicated the domination by landlords in many instances. In Coimbatore and West Godavari, there was domination by big cultivators and/or landlords on the Managing Committees of selected societies. Thus, out of nineteen selected societies in each district, in as many as fourteen societies in Coimbatore and twelve societies in West Godavari there was domination by bigger cultivators and/or landlords. An extreme example was found in the case of Society C12 from Coimbatore where all the tenants of the president (upto 1953) were members of the society and the landlord (president) was using the society for giving loans to his tenants.

In general, it may be stated that domination by one or two big families from the village or by traders or moneylenders was more commonly met with in those districts where the management of the societies was looked after by untrained or honorary secretaries, particularly in those areas where the procedural arrangements regarding sanctioning and disbursement of loans were not on the lines envisaged in the Integrated Rural Credit Scheme. It is in this context, the utilization of loans for purposes other than those stipulated, discussed in the earlier section, and the high ratio of overdues to outstandings studied in the following section need to be analysed.

#### 16.4 RECOVERY OF LOANS

The performance of societies with regard to recovery of loans may be judged from the size of authorized and unauthorized arrears. Except in a few States, the practice of assessing 'demand' (for recovery of loans) was not followed. Further, definition of overdues as adopted by co-operatives varied from one district to another mainly because of variations in the loan policies of central banks. Generally speaking, if the date of repayment of loan was extended, the amount was not shown as overdue. Thus, in many districts only unauthorized arrears were treated as overdues.

Before analysing the overdues position, it may be useful to refer briefly to the policy regarding fixation of due dates of repayment (Vide Appendix 6). In Broach, the short-term crop loans were due for repayment by 31 March every year. Medium-term loans were repayable in equated annual instalments spread over three years. Pledge loans were recovered at the time of the disposal of the produce pledged. The position was similar in East Khandesh and Dharwar except for the variations in the due dates of repayment. In Dharwar, the crop loans were due for repayment by April in *Malnad* and by June in *Yerinad*. As stated already, considerable laxity was, however, shown in recovery, and extensions were frequently granted before the initiation of the pilot project. Since 1956-7, however, the central bank tried to follow a strict policy of not giving fresh finance unless the previous loans were repaid.

In Coimbatore and West Godavari, short-term loans were allowed to run for a full period of twelve months, medium-term loans generally upto three years and long-term loans upto five years. Medium-term loans accounted for about 50 per cent of the loans advanced in Coimbatore, and hence, data relating to overdues in districts such as Broach where the crop loan system was prevalent, are not comparable with the position in these districts.

In view of the type of administrative arrangements obtaining in Ferozepur, the figures of overdues as recorded in the registers of the society and as reported in the 'Statistical Statements relating to the Co-operative Movement', do not reflect the true position. In Etawah, all loans were due for repayment by April and if not repaid by 30 June, were treated as overdues. In Mandsaur, medium-term loans for periods of two to five years were predominant. In Gaya, all short-term loans were due for repayment by 15 May, while medium-term loans were repayable in equal annual instalments spread over three to five years depending upon the period of the loan. In Nadia, loans against jute crops were repayable by 15 November, those against paddy (*Aus*) by 30 November, and those against paddy (*Amman*) by 15 March. The procedures provided for framing demand statements for these three crop seasons were different; in practice, however, the procedures were not strictly followed.

TABLE 16.32—RECOVERY PERFORMANCE OF PRIMARY SOCIETIES

	OVERDUES AS PERCENTAGE OF OUTSTANDINGS									
	CSS DATA			ISS (I) DATA		GSS (I) DATA				
	1954-5	1956-7		1954-5	1956-7	1954-5	1956-7			
	1	2		3	4	5	6			
Broach	3	5	{ Large size Small size All societies	2 4 26 <sup>1</sup>	3 10 21 <sup>1</sup>	{ 4 13 63	12 <sup>a</sup> 19			
East Khandesh	28	22		{ Large size Small size Large size Small size	49 54 11 <sup>2</sup> 15		44 50 4 10	{ 63 61 <sup>a</sup> 14 7		
Dharwar	54	48			{ Pilot project area Large size		10 <sup>2</sup>		7	{ 15 8
Coimbatore	17	11	{ Other area Large size Small size All societies Mahewa Development			5 23				
West Godavari	20	7		{ Block area Small size Other area Small size Large size Small size				61		
Ferozepur	50	41			{ Small size Large size Small size		42 19 37 <sup>3</sup>		56 5 14 <sup>3</sup>	{ 27 9
Etawah	18	39	{ Small size Large size Small size			64				
Mandsaur	35	14		{ Large size Small size				2 25		
Gaya	55	67			{ Large size Small size		2 25		2 68	{ 10 30
Nadia	34	73	{ Large size Small size			2 25				

<sup>1</sup>Data for large and small size societies are not available separately.

<sup>2</sup>As on the date of merger.

<sup>3</sup>Excludes data in respect of one merged society.

<sup>4</sup>Including authorized arrears.



The above discussion shows that because of variations in the periods for which loans were advanced as also due date for repayment, there is an element of non-comparability in figures relating to proportion of overdues to outstandings. In a district such as Dharwar where most of the loans were for short-term duration and were due for repayment on stipulated dates, a high proportion of overdues may not necessarily mean that recovery performance of co-operatives was inferior to that in Mandsaur where loans for two to five years duration predominated. The proportion of overdues to outstandings according to GSS(1) data was 61 per cent in Dharwar and 9 per cent in Mandsaur (Table 16.32). But considering the crop loan policy of the Karnatak Central Co-operative Bank in Dharwar, it cannot be said that the position of co-operatives was worse in Dharwar as compared to that in Mandsaur, particularly in view of the fact that the cotton crop had been severely affected in 1956-7.

Another element which introduced non-comparability in data is the pledge finance which was important in West Godavari and Broach. In these districts, the proportion of pledge loans to total loans advanced during 1956-7 was 35 per cent and 50 per cent, respectively, and the proportion of overdues to outstandings as in June 1957 was 8 per cent and 12 per cent, respectively. The relative proportion of pledge loans outstanding to total outstanding loans as in June 1957 would be influenced by the normal period of harvest of the major crop against which pledge finance was given; as the available data relating to outstanding loans refer to the position as at the end of June, in the area in which pledge finance against *kharif* crops was important, the proportion of outstanding pledge loans to total outstanding loans would be lower. Further, whereas in some districts pledge finance was given mostly by agricultural credit societies, in others it was given mostly by marketing societies. In view of these limitations, no valid inter-district comparison on the basis of proportion of overdues to outstandings can be made. However, there appears to be a general agreement between the three sets of data in spite of some variations resulting from differences in the sources of information and in the number of units covered. The overdues position in 1956-7 was generally unsatisfactory in Gaya, Dharwar, Etawah, Ferozepur and Nadia. The overdues position in Etawah, Gaya and Nadia over a period of three years showed some worsening. In Mandsaur, though the proportion of overdues was not large, the position did not appear to be satisfactory because of emphasis on medium-term loans.

Within the groups of societies, the overdues were, generally speaking, larger in small size societies than in large size societies in Broach, Dharwar, Coimbatore and West Godavari (Table 16.32, Columns 3 and 4). Because of the small number of large size societies in the remaining districts, no comments can be made about the relative performance of these two types of societies.

Frequency distribution of societies, selected for ISS(1), according to proportion of overdues to outstandings is given in Table 16.33 on page 451.

TABLE 16.33—FREQUENCY DISTRIBUTION OF SOCIETIES ACCORDING TO PROPORTION OF OVERDUES TO OUTSTANDINGS AS AT THE END OF JUNE 1957

	PERCENTAGE OF SOCIETIES <sup>1</sup> IN WHICH PROPORTION OF OVERDUES TO OUTSTANDINGS WAS					Total number of societies <sup>2</sup>
	Nil	Less than 20 per cent	20 per cent to 49 per cent	50 per cent to 69 per cent	70 per cent and above	
	1	2	3	4	5	
Broach						
Large size	63	31	1	2	2	131
Small size	59	27	2	3	8	92
East Khandesh						
All societies	11	49	30	6	3	797
Dharwar						
Large size	3	26	27	9	35	117
Small size	8	20	15	8	48	142
Coimbatore						
Large size	—	100	—	—	—	12
Small size	32	43	12	3	10	196
West Godavari						
Pilot project area						
Large size	16	78	3	—	3	37
Other area						
Large size	67	33	—	—	—	3
Small size	23	43	9	1	24	198
Ferozepur <sup>3</sup>						
Etawah						
Small size						
Mahewa Development						
Block area	28	13	—	7	52	54
Other area	31	10	5	2	52	121
Mandsaur						
Large size	—	100	—	—	—	2
Small size	24	54	11	2	9	181
Gaya						
Small size	52	1	4	3	40	164
Nadia						
Large size	—	100	—	—	—	1
Small size	17	6	—	—	70	53

(Source : Intensive Supply Schedule No. 1)

<sup>1</sup>Refers to societies for which relevant data were available.<sup>2</sup>Refers to societies, schedules in respect of which were considered for tabulation (See footnotes 3 and 4, Table 15.4).<sup>3</sup>The proportion of overdues to outstandings has, as seen before, little relevance and hence the data were not tabulated.

The most significant feature brought out by the above table is that the overdues position was not unsatisfactory in Broach, East Khandesh, Coimbatore and West Godavari. Further, the overdues position in the case of small size societies appears to be less satisfactory as compared to that of the large size societies.

Frequency distribution of selected societies according to the proportion of overdues to outstandings as in June 1957 is given in Table 16.34.

**TABLE 16.34—FREQUENCY DISTRIBUTION OF SELECTED SOCIETIES ACCORDING TO PROPORTION OF OVERDUES TO OUTSTANDINGS**

(As at the end of June 1957)

		Dormant societies	NUMBER OF SOCIETIES IN WHICH PROPORTION OF OVERDUES TO OUTSTANDINGS WAS						Total number of selected societies
			Nil or less than 5 per cent	5 per cent to 9 per cent	10 per cent to 24 per cent	25 per cent to 49 per cent	50 per cent to 74 per cent	75 per cent and above	
			1	2	3	4	5	6	
Broach	Large size	—	7	2	—	—	1	—	10
	Small size	1	—	1	—	1	1	2	6
East	Large size	—	—	—	3	—	—	—	3
Khandesh	Small size	—	2	3	5	—	—	1	11
Dharwar	Large size	—	—	—	1	1	—	5	7
	Small size	1	—	2	2	—	1	3	9
Coimbatore	Large size	—	3	1	—	—	—	—	4
	Small size	1	6	2	3	2	—	1	15
West	Large size	—	4	7	2	—	—	1	14
Godavari	Small size	—	4	—	1	—	—	—	5
Ferozepur	Large size	—	3	—	—	—	—	1	4
	Small size	6	1	—	1	5	2	1	16
Etawah	Small size	—	2	3	1	1	2	8	17
Mandsaur	Large size	—	—	1	1	—	—	—	2
	Small size	—	6	3	4	—	—	1	14
Gaya	Large size	—	1	—	—	—	1	1	3
	Small size	11	1	—	—	—	—	3	15
Nadia	Large size	—	1	—	—	—	—	1	2
	Small size	11	—	—	1	—	—	2	14
Total	Large size	—	19	11	7	1	2	9	49
	Small size	31	22	14	18	9	6	22	122

(Source : General Supply Schedule No. 1)

Of the 31 societies in which the proportion of overdues to outstandings was 75 per cent or more, nine were large size societies and the remaining 22 were small size societies. Working of each of these nine large size societies was discussed in Chapter 15. It was observed that in Societies D12 and D13 from Dharwar and in Society N15 from Nadia, the main reason for high overdues was a sharp decline in the production of crops because of unseasonable weather and floods. The large size societies D10 and D13 from Dharwar, W3 from West Godavari, F19 from Ferozepur and G13 from Gaya neither had a clean start nor some of these could be considered as large size societies. Misappropriation of funds or lack of proper allocation of funds before conversion or amalgamation and such other factors adversely affected their working, and in most cases, the accounts were not properly settled. In the absence of prompt action on the part of the Co-operation Department, and delay in bringing defaulters to book, the members had little confidence in these societies and the overdues continued to mount up after the reorganization of these societies into so-called large size ones.

In most of the small size societies, the high overdues were due to improper management, though in some societies, as for instance, Society B9 from Broach, Society C13 from Coimbatore, Societies D2 and D3 from Dharwar and Society N7 from Nadia, it was due to adverse seasonal conditions, as will be seen from Appendix Table 16.3 which gives the more important reasons for high overdues in these societies.

The main reasons for the high overdues position in many societies were as under:

1. Domination over societies by one or two individuals who did not follow the rules and procedures regarding loan operations;
2. bad management of societies by honorary secretaries or by the chairman in the absence of a secretary;
3. lethargy on the part of Managing Committees to run the institutions as business-like concerns;
4. adverse seasonal conditions during the year resulting in high overdues at the end of the year, though the societies were fairly well managed in some cases;
5. absence of a well-developed co-operative marketing structure which could facilitate inter-linking between credit and marketing and ensure proper recovery of loans;
6. insignificant role given to Managing Committees of the primary credit societies, as for instance in some societies from Mandsaur and the Mahewa Rural Credit Project area of Etawah, where the group secretaries or other employees of the central bank were practically performing the functions of the Managing Committees and the secretaries;
7. defects in the methods of fixing credit limits and procedures for disbursement of loans;
8. inadequacy of loans for purposes for which they were given;
9. improper timing of loans;
10. failure on the part of societies to give loans in kind and in instalments;
11. improper fixation of dates of repayment;
12. absence of uniformity in the policy of the central banks in regard to giving of extension for date of repayment ;
13. undue delay in taking action against defaulters, and
14. inability of the Co-operation Department to take prompt action against defaulters.

But three points which need a detailed analysis are: (1) method of determining credit limits and procedure for disbursement of loans, (2) inadequacy of loans for the purpose for which these were given and (3) the timing of loans.

Particularly in Ferozepur and Etawah, because of the prevailing loan procedure and arrangements for supervision, absence of any rational method of determining credit limits of societies and individuals, and defects in the loan policies of the central banks in fixing credit limits for societies and quantum of loans for individuals, the members of the Managing Committee were in a position to take arbitrary decisions regarding disbursement of loans which invariably resulted in the loss of confidence in the societies.

A point which explains the high overdues position in some of the societies was the absence of strictness on the part of the central bank and/or the Co-operation Department with regard to recovery of loans and granting of 'extension' of the date of repayment, as was observed in the case of Karnatak Central Co-operative Bank, Dharwar. The sudden change in the loan policy of this bank resulted in some members getting smaller loans in 1956-7 as compared to what they obtained in 1955-6. As a consequence, the members who were adversely affected defaulted. And, since no action was taken against these defaulters, overdues increased considerably.

The second important factor which had a significant bearing on the unsatisfactory overdues position is the inadequacy of the quantum of loan itself. As a result of either defective loan policy of the central co-operative bank or wilful misallocation of the loans received from the central bank by the Managing Committees of the co-operative societies or simply because of such factors as giving of loans by co-operatives for some stipulated purposes only, the linking of the quantum of loan to land revenue assessment, fixation of quantum of loans without taking into account the cash outlay on different crops and arbitrary cutting down of credit limits of individuals by Managing Committees of the primary societies or supervising unions or by officials of the Co-operation Department or central banks, as the case may be, the quantum of loan for individual members was inadequate in many cases.

Inadequacy of the quantum of loans, i.e., determination of credit limit without taking into account the cash outlay on different crops, is likely to result in misutilization of loans and consequent high overdues position. That the co-operative loans were not adequate to meet the credit needs of cultivators in almost all the districts is also confirmed by the data collected in GDS (1) and ISS (2) which are presented in Table 16.35 on page 455. In many districts a significant proportion of members had to borrow from agencies other than co-operatives for meeting their credit needs.

Another factor which had a significant bearing on the overdues position was the timing of disbursement of loans in relation to the cultivators' needs and the

TABLE 16.35—ADEQUACY OF CO-OPERATIVE LOANS

	GDS (1) DATA		ISS (2) DATA
	Proportion of families borrowing from co-operatives to total number of families  (Per cent)	Proportion of families borrowing only from co-operatives to total number of borrowing families  (Per cent)	Proportion of members borrowing only from co-operatives to total number of borrowing members  (Per cent)
Broach	25	15	34
East Khandesh	34	48	60
Dharwar	11	6	29
Coimbatore	6	12	73
West Godavari	23	19	52
Ferozepur	9	2	25
Etawah	14	12	53
Mandsaur	10	7	35
Gaya	—	—	42
Nadia	0.5	—	29

absence of necessary effort on the part of the central banks to disburse the loans in instalments at proper intervals. For instance, in Etawah where the need for finance for current farm expenditure was larger during October-November due to the relatively greater importance of *rabi* crops, loans were mostly disbursed from June onwards, and the due date for repayment of loans was 30 April. As the loans had to be repaid by April end, and at the latest by June, irrespective of the duration of loans granted, the tendency on the part of cultivators was to draw the entire amount immediately it was made available—for that matter even in June and July—without due consideration to the period during which their need for credit was the greatest. This resulted in use of loans for purposes other than those stipulated.

A factor which might make the problem more complicated would arise if there was delay on the part of the central banks in sanctioning and disbursing loans. In some districts such as Etawah, Mandsaur and Nadia, there were instances in which the time-lag between the date of application for loan and the date of receipt of funds was about two to four months. Thus, it is not possible to relate the unsatisfactory high overdues position to any one particular factor. But it may be stated that the structure and size of a primary society, the efficiency of management, procedures for sanctioning and disbursement of loans, the loan policy of the central co-operative bank, allocation of functions between different types of co-operative units, arrangements regarding audit, supervision and inspection are some of the important factors which together affect the overdues position.

#### 16.5 SOME IMPORTANT INDICATORS OF PERFORMANCE OF PRIMARY CREDIT SOCIETIES

The relative performance of the selected societies can be studied on the basis of different indicators. Firstly, two indicators from the data collected in demand-side

investigation, namely, the proportion of members to total number of cultivators (as reported in the Listing Schedule) and the proportion of borrowings from co-operatives to total borrowings [GDS (1) data], can be used for the purpose in view. The distribution of villages according to proportion of members to total number of cultivators and proportion of borrowings from co-operatives to total borrowings from all agencies is presented in Graph III.

Only in one village, *viz.*, Panoli from Broach with an efficient large size credit society, the proportion of membership was 78 per cent and co-operatives accounted for 71 per cent of the total borrowings.

Of the 35 villages in which the proportion of membership of co-operatives and the proportion of borrowings from co-operatives was 25 per cent or more, eleven were from East Khandesh, seven from Broach, five each from Dharwar and West Godavari, four from Etawah, and one each from Coimbatore, Ferozepur and Mand-saur. The societies in all the eleven villages from East Khandesh had trained secretaries and the crop loan system was in operation in the district. Two of the eleven villages had large size societies. Of the seven villages from Broach, four had a large size society each in the village itself, while one was in the area of operation of a large size society in a nearby village. Of the remaining two villages, one had a single-village unlimited liability society and another had a multi-village unlimited liability society. Of the five villages from Dharwar, one had a large size society in the village itself and three others had small size societies. The remaining village was in the area of operation of a nearby large size society. Of the five villages from West Godavari, one had a large size society in the village and three were covered by large size societies from nearby villages. The fifth village had a small size society. One village each from Coimbatore and Ferozepur, falling in this group, had large size societies. Of the four villages from Etawah, only one was from the Mahewa Rural Credit Project area and the remaining three were from the other area. One village from Mand-saur had a small size society.

Thus, it will be seen that of the 35 villages in which the proportion of membership of and the proportion of borrowings from co-operatives was 25 per cent and more, 23 were from the districts in which the crop loan system was in operation; nine of these villages were covered by large size societies. Of the remaining twelve villages which were in the districts having no crop loan system, six were covered by large size societies.

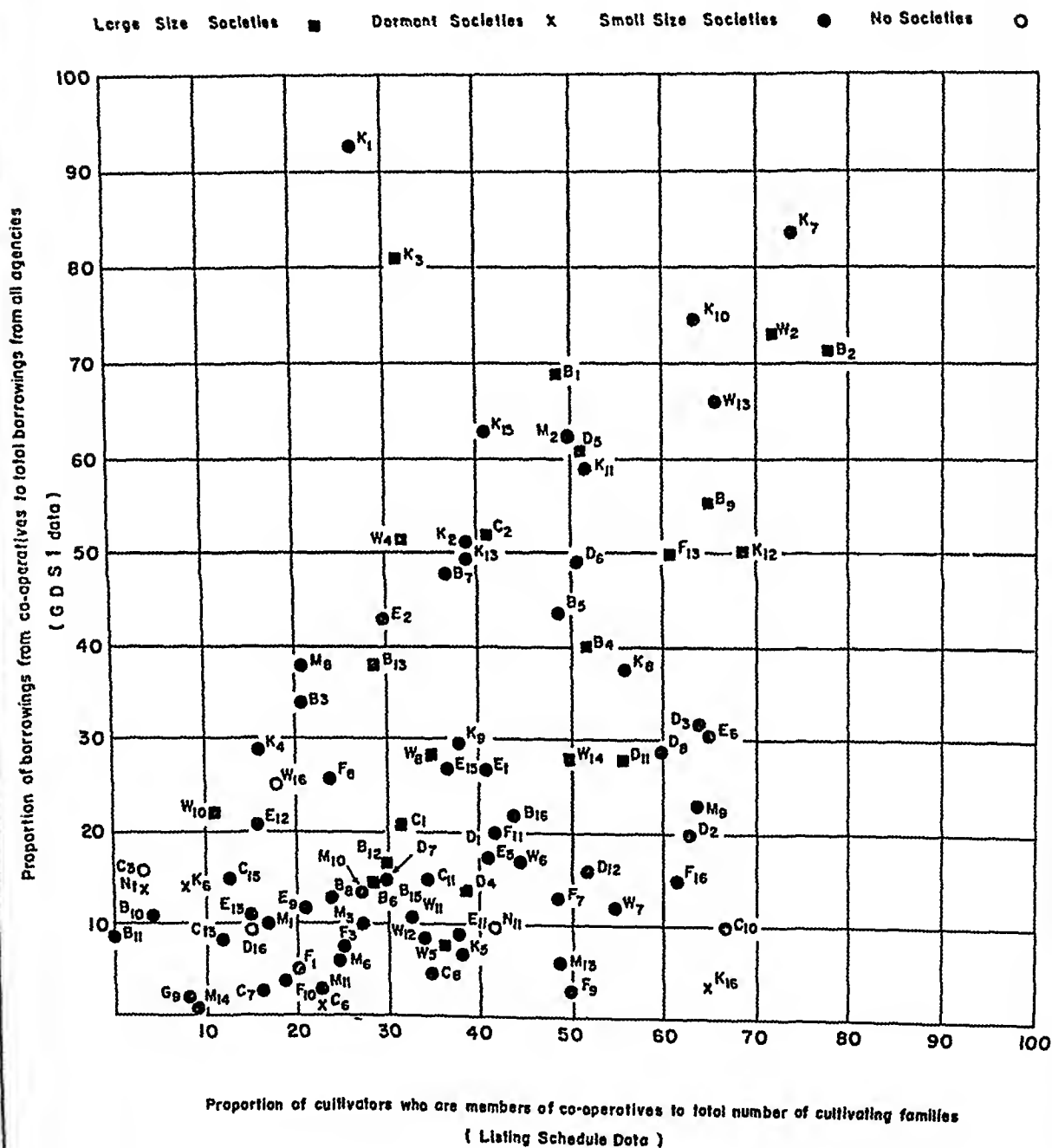
Barring Bikaner district where none of the selected villages was covered by a co-operative credit society, the number of villages not located in the jurisdiction of any co-operative credit society was 29 out of the total number of 160 villages. However, the number of villages in which borrowings from co-operative credit societies were not reported was 66<sup>1</sup>. Of these 66 villages, one each was from Broach and East Khandesh, four were from West Godavari, five from Dharwar, six each from Coimbatore and Mand-saur and seven each from Ferozepur and

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<sup>1</sup> These villages are not shown in the graph.

GRAPH III

# DISTRIBUTION OF SELECTED VILLAGES ACCORDING TO MEMBERSHIP AND BORROWINGS FROM CO-OPERATIVES\*



\* Excluding selected villages in Bikaner District

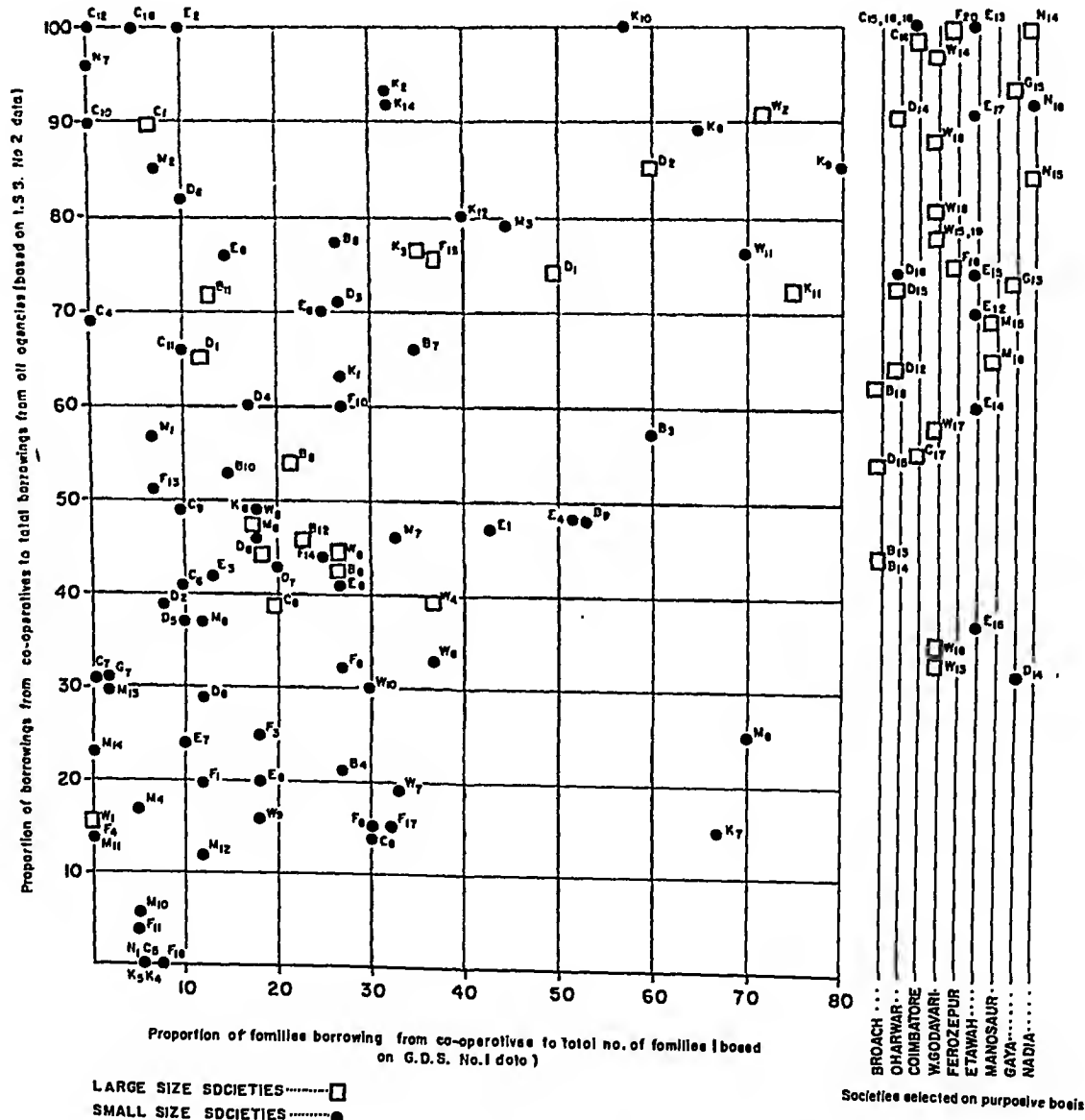
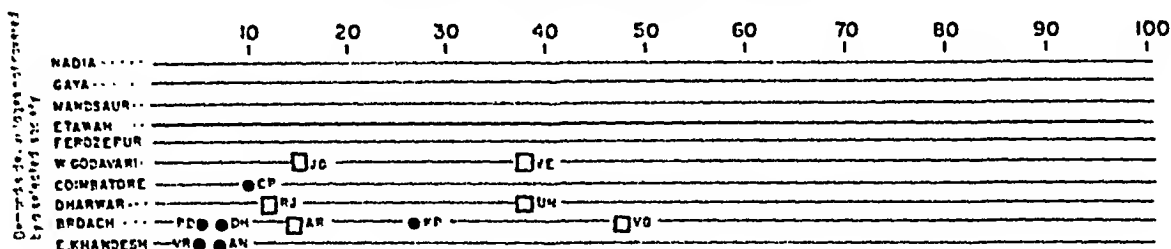
Note:— Only those villages in which membership and borrowings from co-operatives during 1956-7 were reported, are indicated





# GRAPH IV

## CO-OPERATIVE FINANCE 1956-57.



NOTE: Only those societies whose selected members reported borrowings from co-operatives and/or societies operating in villages selected on demand side in which selected cultivators reported borrowings from co-operatives are shown above.



Etawah. In Nadia and Gaya, respondents from only two villages and one village, respectively, reported borrowings from co-operatives.

Further, data collected from members of selected societies through ISS(2) could be juxtaposed with those collected in GDS(1). Graph IV shows the distribution of villages selected for the demand-side investigation on the basis of proportion of families borrowing from co-operatives as given by GDS(1) data and the proportion of borrowings of cultivators from co-operatives to total borrowings from all agencies as given by ISS(2) data. Data relating to members of societies selected on a purposive basis and those for members who were resident in demand-side villages which did not have a selected society in the village are shown separately. The villages covered by large size societies are shown by hollow squares while the villages covered by small size societies are shown by black dots. Generally speaking, the graph shows that a large number of villages in which the proportion of borrowings from co-operatives to total borrowings was high, were served by large size societies. On the other hand, there were some villages which were covered by small size societies and in which the proportion of borrowings from co-operatives to total borrowings was very high. A detailed enumeration of the villages in which the proportion of borrowings from co-operatives was very high is given in Appendix Table 16.4.

In Appendix Table 16.4, all the villages selected for demand-side investigation in which the proportion of families borrowing from co-operatives to total number of families was 50 per cent and above and/or average borrowings from co-operatives per family was Rs 150 and more and/or proportion of borrowings from co-operatives to total borrowings was 50 per cent and above, are enumerated. The total number of villages which satisfied these criteria was 28. Of these, thirteen were covered by large size societies. While selecting villages for demand-side investigation, no distinction was made between villages covered by large size societies and those by small size societies. Though only 27 and 104 out of 160<sup>1</sup> villages were covered by large size and small size societies, respectively, thirteen out of 28 villages in which co-operative finance was significant were covered by large size societies.

Of the thirteen villages which were covered by large size societies, four each were from Broach and West Godavari, two from East Khandesh and one each from Dharwar, Coimbatore and Ferozepur. Further, ten societies (excluding two from West Godavari) were located in the pilot project areas. Almost all of them had trained secretaries. It is also necessary to note that in one village each from Broach and Dharwar and three villages from West Godavari, the headquarters of the societies which covered these villages were outside the villages selected for demand-side investigation. In spite of this, co-operative credit was important.

On the other hand, there were fifteen villages covered by small size societies in which co-operative finance was significant and satisfied the criteria explained earlier. Of these, two were from Broach, eight from East Khandesh, three from Mandsaur and one each from Etawah and West Godavari. Both the villages from

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<sup>1</sup> Excluding selected villages in Bikaner district.

Broach were covered by small size societies which were entitled to give loans according to the crop loan system. Of these, one did not want to convert itself into a large size society and preferred to remain as a small size society. Members of this society sold cotton through a nearby marketing society, and the society functioned fairly well. On the other hand, in the second village, though co-operative credit appeared to be important, the performance of the society was far from satisfactory. Nearly 90 per cent of the loans were overdue and an enquiry by the Co-operation Department was pending.

Five of the eight villages from East Khandesh were covered by one-village small size societies. Two of these covered more than one-half, and three, more than one-third of the cultivating families. Borrowings from co-operatives accounted for more than one-half of the total borrowings in all the cases except one.

The three villages from Mandsaur were all covered by one-village small size societies. In one village there were only sixteen cultivating families and the total membership of the society covering the village was only eleven. Hence it cannot be said to be a successful small size society. Societies in the other two villages were relatively better managed, but both of them granted only medium-term loans, and were managed by group secretaries.

The only village from Etawah included in the group was covered by a one-village limited liability type society. It was one of the few small size societies which was relatively well managed by the *panchayat*. It was in the Mahewa Rural Credit Project area. Unlike in many other societies, the credit limit of the society was recently revised and more than two-thirds of the cultivating families were members of the co-operative society.

The village from West Godavari was covered by a small size society. The society had a Managing Committee drawn predominantly from the medium and small cultivators, and in addition, had an enthusiastic Managing Committee member who managed it well. The high proportion of families borrowing from co-operatives may also be attributed to the fact that another co-operative society was operating in a nearby village and some of the cultivators of this village were members of that society.

#### 16.6 GENERAL OBSERVATIONS

It will be seen from the foregoing discussion that the working of many of the selected large size societies was satisfactory, though there were some whose performance was not equally so. The performance of many of the small size societies, particularly in Ferozpur, Etawah, Mandsaur, Gaya and Nadia was generally of an average standard or even below it. Thus, it may be stated that the performance of co-operatives was generally better in those districts where the crop loan system was in vogue, where the number of large size societies was large and where sizeable efforts, though of varying magnitude, were made at introducing the Integrated Rural Credit Scheme.

This does not, however, necessarily indicate that the scale of operations of the society is the only factor contributing to the success of co-operatives, as the Integrated Rural Credit Scheme was introduced only in some promising areas from the point of view of co-operative development and in some cases, the large size societies were endowed with larger resources. On the other hand, as the period of reference for the Rural Credit Follow-up Survey was 1956-7, some of the selected large size societies were in the process of reorganization and had to face difficult problems normally associated with a transitional stage. In these circumstances, the full potentialities of the societies cannot be assessed only on the basis of statistical data relating to performance during 1956-7. But the evidence collected appears to indicate the superiority of multi-village societies with a magnitude of financial resources adequate enough to enable them to maintain full-time trained secretaries. Generally speaking, a one-village unlimited liability type society found it difficult to organize itself into a business concern and to run according to rules and procedures, mainly because of party factions commonly associated with village politics in the context of the prevailing socio-economic conditions, and the inability to employ a full-time, trained secretary whose duty would be not only to maintain the accounts properly but also to bring to the notice of the Managing Committee and the General Body the likely deviations, if any, in the decisions to be taken by the society from the by-laws of the society and the rules and procedures laid down by the central bank and Co-operation Department. If the rules and procedures are not framed in a satisfactory manner as was found, for instance, in Ferozpur, Etawah, Gaya and Nadia, the vested interests invariably take the maximum advantage of the defects in these rules by exploiting the politics associated with village factions and by taking the honorary secretary or an untrained secretary into the privileged group. In these circumstances, the vested interests are able to exploit the ignorance of the general mass of membership about the rules and procedures, and in the absence of a full-time trained secretary whose duty it is to explain and clarify the various working rules even to the most illiterate ordinary cultivator, the latter has no means of finding out even what the rules are. If the rules themselves are vague or defective and if the rules and procedures are not followed in practice, as was found to be true particularly in many small size societies, it is not surprising to find a general apathy towards the co-operative credit society.

The performance of a primary co-operative credit society can be said to be related not only to its size and the quality of its management but also to the loan policy of the central bank, the extent to which the central bank plays or is in a position to play the pivotal role assigned to it and the type of administrative arrangements regarding audit, supervision and inspection. It was observed earlier that in regard to almost all these aspects, the pattern of relationships and procedures varied considerably from district to district. Hence, the problem of assessment cannot be simply reduced to one of comparing the performance of small size societies with that of large size societies. Wherever a comparison of this sort was attempted earlier, it was with due regard, though implicitly, to the limitations imposed by other factors such as defective loan policy of the central bank, improper structural relationships between different types of co-operatives and unsatisfactory admini-

strative arrangements. If, in certain circumstances, the limitations imposed by these factors were much more severe than the limitation arising from the mere size of a society, even a large size society with a full-time trained secretary was not likely to be in a position to perform the functions satisfactorily. But where the other factors do not entail severe limitations, the performance of a society with sizeable financial resources and with a trained secretary was generally found to be superior to that of a small size society. Wherever most aspects of the Integrated Rural Credit Scheme were sought to be introduced, as in Broach, the general performance of co-operatives, and particularly that of multi-village societies with full-time trained secretaries, appeared to be superior.

Unlike in West Godavari and Broach, comparison of the performance of small size with large size societies in Ferozepur, and for that matter in Gaya and Nadia, appears to be of little practical value. In Ferozepur, the advantages enjoyed by co-operative credit societies with sizeable financial resources and trained secretaries were more than offset by the unsatisfactory administrative arrangements and defective loan policy of the central banks obtaining in the district. The loan policies obtaining in Etawah, Gaya and Nadia were such that a change in the size of the societies would not by itself facilitate rapid expansion of co-operative credit until the necessary changes in the loan policies of central banks and in the structural arrangements were effected. As would be seen in Chapter 17 on Co-operative Marketing Societies, rapid improvement in the performance of primary credit co-operatives in Dharwar, apart from the improvement in the performance of the central bank, was dependent, among other factors, on the structure and operations of co-operative marketing in general and cotton marketing in particular. It is a common observation that when there are defects in the loan policy, structural organization and administrative arrangements, the vested interests invariably exploit the defects by availing of the benefits of co-operative finance, thereby undermining the confidence of the mass of cultivators in the Co-operative Movement. Thus, efforts at organizing multi-village societies with sizeable financial resources so as to enable them to employ full-time trained secretaries need to be accompanied by necessary changes in structural relationships, administrative arrangements and loan policies of the central banks, without which such efforts would be fruitless, or succeed only partially.

## CHAPTER 17

# CO-OPERATIVE MARKETING SOCIETIES

### 17.1 TYPES OF DATA DISCUSSED

The discussion in this chapter is based on data pertaining to selected marketing societies in each of the eleven districts. These data were collected through GSS(1) and a memorandum on the working of each of these societies.

For intensive enquiry, the Intensive Supply Schedule No. 2 was canvassed in respect of a sample of members of the marketing societies. The method of selecting members of marketing societies was not uniform because of varying objectives of the intensive enquiry.<sup>1</sup> In assessing the performance of marketing co-operatives, the proportion of produce marketed through co-operatives to total produce sold by cultivators as reported in ISS(2) may be used as an indicator of progress. Data on proportion of produce marketed through co-operatives are available in the schedules canvassed not only for members of selected credit societies but also for members of selected marketing societies. An important limitation<sup>2</sup> of these data arises from the fact that it is difficult to estimate the composition of membership of co-operatives in the district as a whole according to three types : (1) cultivators who are members only of primary credit societies, (2) cultivators who are members only of marketing societies and (3) cultivators who are members both of marketing societies and of credit societies.

Details regarding the number of marketing societies selected and members of marketing societies interviewed are given in Table 17.1.

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<sup>1</sup>In Dharwar, Ferozepur, Etawah, Mandsaur and Nadia, a uniform procedure for selecting members of marketing societies was followed and the schedules canvassed were generally on the lines of those canvassed among members of primary credit societies. As was seen earlier, many primary credit societies in Broach, though affiliated to marketing societies, undertook marketing of produce on their own. Further, members of many primary credit societies were also members of marketing societies. Hence, of the four marketing societies selected from Broach, in the case of only one society which carried on crop loan activities on a large scale and which dealt with its members directly, members were selected in accordance with the procedure adopted in Dharwar. In East Khandesh, a special schedule for the members of marketing societies was canvassed. In Coimbatore and West Godavari, an attempt was made to find out the extent to which pledge finance, which was advanced on a large scale, was availed of by cultivators. Hence, in the case of two marketing societies each from the two districts, pledge finance advanced to a selected number of members was studied. In Gaya, as the working of sugarcane co-operatives was taken up for intensive study, four cane-growers' co-operative societies and two co-operative development and cane marketing unions, in addition to two marketing societies, were studied. A selected number of members of cane-growers' co-operatives were interviewed with a special schedule. The total number of members interviewed was 96. In addition, 40 members of the selected marketing societies were also interviewed.

<sup>2</sup>In a district if the members of marketing societies form a small proportion of the total number of cultivating families but sell their produce through the marketing societies, the high proportion of produce sold through marketing societies would not necessarily indicate that co-operative marketing was well-developed.



TABLE 17.1—MARKETING SOCIETIES IN THE SELECTED DISTRICTS—1956-7

	Number of marketing societies in the district <sup>1</sup>	Number of members of marketing societies per 100 rural families	Number of marketing societies selected for study	Number of members of marketing societies selected for ISS(2) and allied schedules
	1	2	3	4
Broach ..	23	9	4 <sup>5</sup>	24 <sup>3</sup>
East Khandesh ..	36	6	6 <sup>3</sup>	124
Dharwar ..	16	9	4	91
Coimbatore ..	14	3	5	27 <sup>4</sup>
West Godavari ..	11	3	5	51 <sup>4</sup>
Ferozepur ..	17	1	4	56
Etawah ..	106	1	4 <sup>6</sup>	15
Mandsaur ..	4	—	1	15
Gaya ..	6	3	8 <sup>7</sup>	136
Nadia ..	1	—	1	20
Bikaner ..	—	—	—	—

(Source : Office of the Assistant Registrars of Co-operative Societies)

<sup>1</sup>For further details see Appendix Table 13.1.

<sup>2</sup>Relates to members of Society BMS2.

<sup>3</sup>Includes two multi-purpose societies which undertook sale of members' produce.

<sup>4</sup>No schedule was filled in; but pledge loans advanced to selected members were studied.

<sup>5</sup>Excludes special institutions studied.

<sup>6</sup>Block development unions only; in addition, the District Co-operative Federation was studied.

<sup>7</sup>Includes 2 marketing societies, 4 primary cane-growers' societies and 2 co-operative development and cane-marketing unions.

Thus, of the 234 marketing societies in the selected districts, 42 societies were selected for study.

## 17.2 STRUCTURE OF CO-OPERATIVE MARKETING: GENERAL BACKGROUND

According to the recommendations of the Conference on Marketing and Co-operation held at Hyderabad and Jaipur, a reference to which was made in Section 12.1, the co-operative marketing structure was normally to consist of two tiers, viz., the primary marketing society at the taluk level and the apex body at the State level. In special circumstances, intermediate (regional) federations of primary marketing societies were to be organized. The allocation of functions between credit societies and marketing societies was to be on the lines already discussed in Section 12.1. Thus, the credit societies were not to undertake marketing of produce while the marketing societies were to be discouraged from giving production credit to members except under extraordinary circumstances. The membership of marketing societies was to consist of agricultural credit societies as also agricultural producers.

The minimum share capital of a primary marketing society was generally not to be less than Rs 20,000. The location of a marketing society was to be at or as near as possible to a *mandi* (a marketing centre).

Of the 42 societies selected for investigation, 15 granted crop loans, 19 gave pledge finance and 29 undertook activities relating to distribution of agricultural requisites. Some details about the selected marketing societies are given in Appendix Table 17.1.

Only 29 societies undertook marketing of members' produce. Of the remaining thirteen marketing societies, six granted pledge loans while three neither undertook marketing of produce nor gave pledge loans nor distributed agricultural requisites (Table 17.2).

TABLE 17.2—ACTIVITIES OF SELECTED MARKETING SOCIETIES—1956-7

	Total number of marketing societies studied	Of those in column (1), which undertook marketing of members' produce	OF THOSE IN COLUMN (2) NUMBER OF SOCIETIES WHICH			OF THOSE WHICH DID NOT UNDERTAKE MARKETING OF PRODUCE, THOSE WHICH		
			GRANTED		Distributed agricultural requisites	GRANTED		Distributed agricultural requisites
			Crop loans	Pledge loans		Crop loans	Pledge loans	
	1	2	3	4	5	6	7	8
Broach	4	4	2	4	1	—	—	—
East Khandesh	6	6	6	—	6	—	—	—
Dharwar	4	4	2	4	4	—	—	—
Coimbatore	5	4	—	4	4	—	1	1
West Godavari	5	—	—	—	—	—	5	5
Ferozepur	4	3	2 <sup>1</sup>	—	2	—	—	—
Etawah	4	1	—	1	1	—	—	3
Mandsaur	1	1	—	—	—	—	—	—
Gaya	8	5	2	—	1	—	—	1
Nadia	1	1	1	—	—	—	—	—

(Source : General Supply Schedule No. 1)

<sup>1</sup>Loans advanced to members and non-members with neither purpose stated nor period indicated.

In the case of 43 selected credit societies, selected members reported sale of produce through co-operatives. The number of societies included in this category was thirteen from Broach, six from East Khandesh, twelve from Dharwar, five from Etawah, three from Gaya, two from Coimbatore and one each from Ferozepur and Mandsaur (Table 17.3). None of the selected members of the selected credit societies in West Godavari and Nadia reported sale of produce through co-operatives. The pattern of inter-relationship obtaining between these 43 credit societies and marketing societies is given in Table 17.3.

TABLE 17.3—PATTERN OF INTER-RELATIONSHIP BETWEEN SELECTED CREDIT AND MARKETING SOCIETIES

	Number of selected primary credit societies	Number of selected credit societies in which members reported sale of produce through co-operatives (ISS2)	OF THE SOCIETIES IN COL. (2) NUMBER OF SOCIETIES IN WHICH MEMBERS				NUMBER OF SELECTED CREDIT SOCIETIES IN WHICH MEMBERS DID NOT REPORT SALE OF PRODUCE THROUGH CO-OPERATIVES BUT WERE	
			Sold produce through the credit society itself	SOLD PRODUCE THROUGH MARKETING SOCIETY TO WHICH THE CREDIT SOCIETY WAS			Affiliated to marketing society	Not affiliated to marketing society
				AFFILIATED		Not affiliated		
				Linked	Not linked			
1	2	3	4	5	6	7	8	
Broach	16	13	8 <sup>1</sup>	1	—	4	1	2
East Khandesh <sup>2</sup>	14	6	5	—	—	1	—	8
Dharwar	16	12	—	4	8	—	2	2
Coimbatore	19	2	—	1	1	—	13	4
West Godavari	19	—	—	—	—	—	8	11
Ferozepur	20	1	—	—	1	—	15 <sup>3</sup>	4
Etawah	17	5	—	4 <sup>4</sup>	—	1	3	9
Mandsaur	16	1	—	—	—	1	—	15
Gaya <sup>5</sup>	18	3	—	—	1	2	—	15
Nadia <sup>6</sup>	16	—	—	—	—	—	—	16

(Source : General Supply Schedule No. 1)

<sup>1</sup>Includes one society members of which sold produce through another primary society in the same village.

<sup>2</sup>ISS(2) was not filled in in respect of two societies.

<sup>3</sup>Affiliated to District Co-operative Wholesale Stores or co-operative commission shops.

<sup>4</sup>Interlinking of credit with marketing was not effective.

<sup>5</sup>ISS (2) were not tabulated in respect of 3 societies.

<sup>6</sup>ISS (2) were either not canvassed or not tabulated in respect of 5 societies.

Members of thirteen societies sold produce through their respective primary credit societies (Table 17.3). In the remaining 30 societies, members sold produce through marketing societies, though 9 of them were not affiliated to any marketing society. Of the remaining 21 societies which were affiliated to marketing societies, in the case of only 10 societies formal arrangements were made for recovery through the marketing societies, of the crop loans out of the sale proceeds. This would indicate that very little effort at linking of credit with marketing was made upto June 1957.

Before proceeding to a detailed discussion on the working of selected marketing co-operatives, it would be useful to assess the growth of co-operative marketing on the basis of the data collected through ISS(2). As stated earlier, there are severe limitations to these data but a general idea of the extent of growth of marketing co-operatives may be obtained from these. The relevant details are given in Table 17.4.

TABLE 17.4—SALE OF PRODUCE THROUGH CO-OPERATIVES—1956-7

	PRIMARY AGRICULTURAL CREDIT SOCIETIES			MARKETING SOCIETIES			Major commodities reported to have been sold by the members
	Number of members interviewed	Proportion of members reporting sale of produce through co-operatives (Per cent)	Proportion of produce sold through co-operatives to total produce sold (Per cent)	Number of members interviewed	Proportion of members reporting sale of produce through co-operatives (Per cent)	Proportion of produce sold through co-operatives to total produce sold (Per cent)	
	1	2	3	4	5	6	7
Broach	279	55	51	24 <sup>1</sup>	92	90	Cotton, ground-nut
East Khandesh <sup>2</sup>	161	19	11	124	92	48	Bananas, cotton
Dharwar	284	23	32	91	84	78	Cotton, paddy
Coimbatore							
Pilot project area	134	2	1	27 <sup>3</sup>	—	—	Cotton, tobacco
Other area	126	3	1				
West Godavari							
Pilot project area	207	—	—	51 <sup>2</sup>	—	—	Paddy
Other area	153						
Ferozepur	204	1	1	56	54	42	Cotton, wheat
Etawah							
Mahewa Rural Credit Project area	85	2	9	15	53	22	Paddy, peas
Other area	101						
Mandlaur	190	1	1	15	6 <sup>4</sup>	2	Groundnut, wheat
Gaya	141	9	11	136 <sup>2</sup>	42	—	Sugarcane, paddy, betel leaves
Nadia	139	—	—	20	40	99	Jute, vegetables

(Source : Intensive Supply Schedule No. 2)

<sup>1</sup>Refers to members of Society BMS2 only.

<sup>2</sup>Refers to a special schedule.

<sup>3</sup>No schedule was filed in; only pledge loans advanced were studied.

<sup>4</sup>All 25 families were taken into account.

<sup>5</sup>Including 95 members of cane-growers' societies.

The number of members of marketing societies per 100 rural families was more than five in Broach (9), East Khandesh (6) and Dharwar (9) only, and three in Coimbatore, West Godavari and Gaya. In Ferozepur and Etawah, it was one each,

and in Mandsaur and Nadia, the proportion was negligible (*Vide* Column 2, Table 17.1). These figures would show that marketing of produce through co-operatives was not widespread in many selected districts and as such, data in column 6 of Table 17.4 would not indicate correctly the development of co-operative marketing in the districts. For this purpose data based on ISS(2) for members of primary credit societies are more useful.

According to the replies given by the members of selected primary credit societies, the proportion of produce marketed through co-operatives to total produce sold was as high as 51 per cent in Broach and 32 per cent in Dharwar. In the case of societies from the Mahewa Rural Credit Project area, the corresponding proportion was 9 per cent ; in Gaya where sugarcane was sold under the legal protection afforded by the Bihar Sugar Factories Control Act, 1937, 11 per cent of the total value of produce, wholly sugarcane, was sold to sugar mills through co-operatives. In East Khandesh also, 11 per cent of the produce was reported to have been sold through co-operatives by members of credit societies.

Briefly, it may be said that marketing through co-operatives accounted for about half of the total value of produce sold in Broach, about one-third in Dharwar and about one-tenth in East Khandesh and Gaya. In the area covered by Mahewa Rural Credit Project in Etawah, which covered only 21 out of 1,477 villages in the district, the proportion of produce sold through co-operatives amounted to 9 per cent of the total marketed produce. In other districts, less than 1 per cent of the produce was sold through co-operatives.

### 17.3 MARKETING SOCIETIES IN BROACH

#### 17.3.1 Production and marketing of cotton

Area under cotton, which is the most important cash crop, accounted for 52 per cent of the total sown area in 1956-7 in Broach district. In 1956-7, produce sold through co-operatives, mostly cotton, constituted about 51 per cent of the total value of produce marketed by members of co-operatives. Further, as will be seen later, about 39 per cent of the total quantity of cotton produced in the district was sold through co-operatives and 25 per cent was ginned in co-operatively owned gins. Marketing of cotton through co-operatives had thus made a remarkable progress in the district.

For an assessment of the performance of marketing co-operatives, it is necessary to study the production pattern and marketing structure in respect of cotton in the district. The district was divided into two areas, north and south of the Narbada river, for purposes of production and marketing of cotton. Area north of the Narbada, known as Broach Cotton Zone, consisted of that part of Broach district which was north of Narbada and that part of Ahmedabad district which was south of Sabarmati as also Baroda, Panchmahal, Kaira and Sabarkantha districts. In this zone, the *Vijay* and *Digvijay* varieties were generally produced. In Surat Cotton Zone,

which included that part of Broach district which was south of Narbada, Surat district and two taluks of West Khandesh district, *Vijalpa* variety of cotton was generally produced.

Transport of cotton from one zone to the other was prohibited under the Cotton Transport Act, 1923. The purity of cotton grown was further ensured by a thorough check by the Cotton Superintendent of the Agriculture Department of the Government of Bombay, who operated the 'Seed Multiplication Scheme'. Under this scheme, improved seeds were distributed by the Cotton Superintendent through co-operatives, farmers' groups<sup>1</sup> or private traders, on a "no profit, no loss" basis. Cultivation of cotton sown with certified seed was carried out under the general supervision of the staff of the Cotton Superintendent which visited the cultivators' farms to ensure that no other varieties were grown. The Cotton Superintendent maintained a record of names of all the cultivators who grew certified cotton, quantity of seed distributed to them and the estimated quantity of produce. If the quantity received at the marketing centres, where the records of the Agriculture Department were verified, was more than the estimated quantity, or was more in relation to the quantity of seed given, or if it was found that cotton was adulterated, the lot was not certified. The 'uncertified' cotton usually fetched lower prices.

The area under 'uncertified' cotton was larger in that part of Broach district which was north of Narbada; this has an important bearing on the pledge finance provided by the co-operatives. In the case of area under certified cotton, the area sown, the quantity of seed supplied and the estimated produce of each cultivator were known. There was no likelihood of petty trader-cum-big cultivators availing of pledge finance from co-operatives against certified cotton bought by them from small cultivators, as this could be verified from the records maintained by the staff of the Cotton Superintendent mentioned earlier. This was not, however, true in the case of cultivators growing 'uncertified' cotton. In the case of cultivators from the area north of Narbada, the procedure for checking whether the produce was actually grown on the holdings of persons who pledged it was not as effective and the difference in the relative prices fetched by certified cotton and 'uncertified' cotton was very small.

Seventeen of the twenty-six important marketing centres in the district came under the purview of the Bombay Agricultural Produce Markets Act, 1939. In most of these marketing centres, there were privately owned cotton gins, while in at least nine centres, there were co-operatively owned gins.

The private traders monopolized the cotton trade before the initiation of the pilot project inasmuch as in 1954-5 only 21 per cent of the total quantity of cotton was marketed through co-operatives. Generally, the traders and retailers made forward sales to Bombay buyers before cotton was harvested and bought cotton

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<sup>1</sup>Farmers' groups (or *mandals*) are unregistered organizations of individuals undertaking sale of cotton after pooling. Some *mandals* also advanced production credit to their members from funds obtained from cotton purchasers.

from the cultivators in the villages after harvest. Weak financial position, absence of storage facilities, ignorance of prices prevailing in the secondary and terminal markets and availability of raw cotton only in small quantities for marketing prevented the cultivators from obtaining a fair price for their produce. Further, malpractices in regard to weighment, interest, payments and deductions by way of charity, etc., were reported in the absence of effective checks through market committees under the Agricultural Produce Markets Act.

This was confirmed by the reports of the different market committees which stated that only a small proportion of cotton was sold in the regulated markets. In 1954, the proportion of village sales to total sales was as high as 75 per cent, and there was little evidence to anticipate any improvement in regard to sale transactions with private traders in the subsequent years, particularly in the context of the organized opposition by private trading interests to regulation of cotton trade. In fact, even in 1957, in some regulated markets, no open auctions were held for cotton.

Buyers from Bombay and Ahmedabad preferred to buy in bulk and offered better prices for processed cotton. The gins and presses which were privately owned were better placed than individual cultivators to meet the demand of the outstation buyers. It became, therefore, imperative for the co-operative marketing societies to provide for the processing of cotton in order to secure a better deal for their cultivator-members. That the processing co-operatives were developed after the initiation of the pilot project and that by the end of 1957-8 the proportion of produce sold by co-operatives increased to 50 per cent will be seen in the following pages.

#### 17.3.2 Co-operative marketing: procedure

At the regional level, there were two marketing unions, namely, the Daxin Gujarat Co-operative Cotton Marketing Union Ltd., and the Broach Cotton Area Co-operative Cotton Sale Organizations' Union Ltd., serving the *Vijalpa* and the *Vijay/Digvijay* Cotton Zones, respectively. As both the unions worked generally on similar lines, the working of the former is discussed below.

The Daxin Gujarat Co-operative Cotton Marketing Union Ltd., hereafter referred to as the Surat Union, was registered in 1930 with the objective of arranging for sale of cotton of member-societies. The members of the Managing Committee inspected the affiliated societies and guided them in day-to-day working. The Union communicated the quantity of cotton sold at various prices to the societies. As soon as a member-society had a sufficient number of cotton bales ready for sale, the Union settled the sale transaction with the buyers or their brokers at prices agreed to by the member-societies. Cotton was generally sold through brokers by private negotiations. Some sales were made by *pucca* delivery contracts. In special cases, sales were effected through Bombay brokers.

Because of the important role played by the Union in co-operative marketing of cotton, most of the cotton marketing societies became members of the Union. The number of societies from Broach affiliated to the Surat Union increased from 19 in 1955-6 to 32 in 1956-7. Of these 32 societies, 23 were credit societies. Though there was some increase in the membership of the Union as a whole, the increase appeared to be greater in the case of societies from Broach district than from other areas. The implementation of the pilot project in Broach district gave an impetus to co-operative marketing of cotton which also resulted in a relative increase in the scale of operations of the Surat Union.

Out of 230 primary credit societies in Broach district as at the end of June 1957, only 90 societies confined themselves strictly to credit and other ancillary activities; the others were also engaged in the sale of cotton in one way or the other. Of these, 83 societies sold cotton directly, and 46 others undertook sale of cotton by affiliating themselves to a cotton sale or a cotton ginning and pressing society.

For the purpose of the present discussion, only those primary societies which took the decision to sell cotton have been treated as societies undertaking marketing of produce. For example, members of the primary Societies B1 and B7 sold their produce through the nearby marketing societies and the Managing Committees of the credit societies had nothing to do with the decision regarding sale of produce; these societies were not included in the group of societies undertaking marketing of produce. According to this definition, seven of the sixteen primary credit societies selected for supply-side investigation undertook marketing of cotton (*Vide* Col.3 of Table 17.3).

Before proceeding to discuss the working of selected marketing societies, it would be useful to refer to the procedure followed for assembling of produce, pooling and payment of price to cultivators by the co-operatives. A primary credit society, which undertook marketing of cotton, generally opened an office during the cotton marketing season (February to June) in the office of a co-operative marketing society which was generally located in the compound of a ginning factory. The cultivators brought loose *kapas*<sup>1</sup> in their carts. Cultivators brought in cotton in small lots after each picking, and the society proceeded to sell after processing during the season. After the staff of the Cotton Superintendent (which also opened an office in the ginning factory and inspected *kapas* as and when brought in by the cultivators) verified the quantity brought in by the cultivator with their record and certified it as to its quality, the cultivator was given a receipt showing the quantity of cotton received by the secretary of the society. If required, he was granted a pledge loan upto a stipulated portion of the value of cotton. The society obtained the necessary accommodation against this produce from the central bank. Cotton of different grades, *viz.*, black label cotton, red label cotton, certified cotton, uncertified cotton, etc., was placed separately. These different grades of cotton were ginned

<sup>1</sup> Unlike in Dharwar where *kapas* (or raw cotton) was tied up in a container, locally called '*andagi*.'



and pressed separately. The society then approached either the Surat Union or the Broach Union, depending upon the area where it was located, and sold produce generally in lots of 50 or more bales through the Union. Sale proceeds were credited to the society's account. At the end of the season, each cultivator who had sold certified cotton through the society was paid on the basis of average price per bale of certified cotton received by it during the season. No distinction was made between red label cotton and black label cotton so as to avoid unfair distribution of sale proceeds, as the seed for the former grade could be given only to a few cultivators. Thus, the produce was pooled and the price was evenly divided according to the quantity of certified cotton. If for one reason or the other, cotton brought by a cultivator was not certified, it was processed and sold separately. Cultivators bringing uncertified cotton usually received lower prices.

### 17.3.3 Selected marketing societies

Four marketing societies from the district were selected for investigation. Some details relating to the selected marketing societies are given in Table 17.5.

TABLE 17.5—SELECTED MARKETING SOCIETIES IN BROACH —1956-7

(Amount in thousands of rupees)

	MEMBERSHIP		LOANS ADVANCED DURING THE YEAR		Value of agricultural requisites or goods distributed during the year	Value of produce marketed during the year
	Individuals	Societies	Crop loans	Pledge loans		
	1	2	3	4	5	6
BMS 1	302	9	—	20,41	0.2	21,01
BMS 2	1,570	6	3,07	24,03	—	24,23
BMS 3	595	11	—	7,57	—	8,51
BMS 4	365	14	9	25	—	29

(Source : General Supply Schedule No. 1)

Society BMS1 had jurisdiction over one taluk and was a sale-cum-processing co-operative. Most of its members were also members of primary credit societies. It sold cotton of its member-societies only. Certified cotton produced by the members was pooled at the marketing society's level (and not at credit society's level as in most other societies), irrespective of the quality of cotton. Towards the end of the season, an average pool price was calculated on the basis of the total sale proceeds received for the entire produce marketed during the season and payments were made to members according to this price. Pledge finance was provided by the marketing society, but arrangements regarding linking of credit with marketing varied from one credit society to another. For example, in respect of two primary credit societies, when an individual member was sanctioned a pledge loan by the marketing society, the amount of crop loan due from him was deducted before making

the payment of sale proceeds. In the case of two other primary societies, their offices were shifted to the premises of the marketing society during the season. Thus, when a member was sanctioned a pledge loan, the amount was given to the secretary of the credit society concerned who recovered the crop loan outstanding from out of it. In the case of other societies which did not open their offices in the office of the marketing society, pledge finance was given to the individual members on the understanding that they would repay the crop loan to the primaries on their return to the villages. As the society did not have a ginning and pressing plant till 1956-7, the raw cotton of members was ginned in a privately owned gin. In 1958-9, on receipt of State contribution to share capital, the society bought a ginning plant from private interests.

Societies BMS2 and BMS3, hereafter also referred to as the Cotton Sale Society and the Ginning and Pressing Society, respectively, were located in the same marketing centre. The area of operation and functions of these two societies were similar. The main functions of the Cotton Sale Society, which was organized in 1925, were to arrange for sale of raw cotton and to give production credit. It did not have a ginning and pressing factory. Because of difficulties in getting raw cotton of its members processed in the private factories, it could not keep to the delivery dates with the Bombay buyers; this affected the expansion of its operations. Therefore, this society sponsored the organization of another ginning and pressing society, whose only function was to undertake ginning and pressing. The jurisdiction of the Ginning and Pressing Society extended to the area covered by the Cotton Sale Society. In addition to processing, the Ginning and Pressing Society was also permitted to undertake sale of cotton. Thus there was overlapping of functions between the two societies. The office of the Cotton Sale Society was situated in the premises of the Ginning and Pressing Society and the management of both was in the same hands which ensured some co-ordination between the two.

It was observed that the areas of operation of these two societies overlapped with those of some nearby marketing societies and a credit society which undertook marketing of produce.

Unlike in Society BMS1, in the Cotton Sale Society average pool price of processed cotton was calculated separately for three groups of members, which included members of the Ginning and Pressing Society also. There was a market committee for each of the three groups which took independent decisions regarding sale of produce in consultation with the Surat Union. The three groups operated independently because of (1) absence of confidence in the Managing Committees of the two societies only so far as decisions regarding sales were concerned, (2) absence of clear allocation of functions between the Sale Society and the Ginning and Pressing Society and (3) the desire of a group of cultivators from some villages to save unnecessary transportation costs. But, by far the most important problem was that of relationship between credit and marketing societies, in the

context of overlapping of functions between credit and marketing societies, which is discussed subsequently.

The problem of lack of team work as is evident from the working of three independent groups among members of one society needs to be examined in the context of the peculiar historical development of co-operatives in the district. The marketing societies, noticing that many of the small size societies worked ineffectively, started giving production credit to individual members. Membership of these two marketing societies as also of many others in the district consisted of both individuals and credit societies. The individual members belonged to two categories, viz., those who were members only of marketing societies and those who were members of both marketing and credit societies. (The former might also consist of members who were antagonistic to the credit societies.) As each member (whether society or individual) had only one vote and as production credit could be secured directly from marketing societies, the individual members, particularly those who were members only of marketing societies, dominated their working. This was resented by the primary credit societies. Overlapping of functions regarding production credit thus indirectly encouraged lack of co-ordination between marketing societies and credit societies.

Another factor which has a bearing on the lack of co-ordination between marketing societies and credit societies was the difference of opinion over average of pool prices. A group of societies or individuals from one area demanded special treatment in the sale price of cotton on the ground that cotton produced in that area fetched a better price or that they could get, if they processed and disposed of the produce in some other marketing centre outside the jurisdiction of the marketing society, a higher net price because of lesser transportation costs. The usual tendency on the part of marketing societies from this area was to encourage a large number of cultivators to become their members so that this group could have a larger voice in the management of the marketing society. This state of affairs invariably encouraged fissiparous tendencies which was sometimes exploited by private trading interests in order to retard the growth of co-operatives.

Society BMS4 was organized in 1956 in pursuance of a decision of the co-operative leaders to organize a new sale-cum-processing society, instead of allowing an existing primary multi-purpose society which had a gin of its own to establish a pressing unit as well. The Managing Committees of these two societies were on cordial terms with each other. Society BMS4, therefore, purchased land with the timely aid of long-term accommodation given by the central bank, in spite of the attempts made by private cotton interests to prevent sale of the site to it.

The membership of Society BMS4 consisted of 14 societies and 365 individuals. Many of the individual members were also members of primary credit societies in their villages. Whereas some of the individual members pooled their cotton at the marketing society and accepted average pool price for cotton fixed by it, many

affiliated primary credit societies sold their members' produce in separate lots and the average pool price was arrived at separately for each credit society. The society did not recover crop loans from the pledge loans granted ; the secretaries of the primary societies shifted their offices to this society's premises and the funds received by it from the central bank for pledge finance were actually provided to the primary society. Thus, Society BMS4 was merely an agent between the central bank and the primary society for the purpose of pledge loan. The marketing society exercised little supervision over the procedure for disbursement of pledge loans and over the mode of charging interest on pledge loans. It was observed that some societies did not charge any interest on the pledge loans but included the interest paid by them to central bank in their marketing costs ; it meant that the amount of interest was distributed equally among all members irrespective of the quantum of pledge finance availed of by individual members. This created an impression of unfair treatment among the members selling produce through the co-operatives.

#### 17.3.4 Inter-linking between credit and marketing

It was seen earlier (Table 17.3) that in 13 out of 16 selected credit societies, members reported sale of produce through co-operatives. Of these, seven undertook marketing of produce of members on their own. Society B15 did not undertake marketing of cotton of its members from 1956-7 as it was affiliated to Society BMS1. An important feature of the linking arrangement in this case was that the decision regarding the sale of produce was taken by the marketing society and not by the credit society. Details regarding the primary societies in which members reported sale of produce through primaries as also of Society B15 are given in Table 17.6.

TABLE 17.6—SALE OF COTTON BY MEMBERS THROUGH PRIMARY AGRICULTURAL CREDIT SOCIETIES

	Number of members	Proportion of produce sold through co-operatives to total produce marketed (Per cent)	Proportion of amount recovered from sale proceeds to total loans advanced (Per cent)
B2	781	93	82
B6	301	23	25
B11	186	69	48
B12	235	67	70
B13	228	14	—
B14	136	62	77
B16	89	46	84
B15	436	71	58

(Source: Columns 1 and 3 are based on GSS(1) and Column 2 on ISS(2))

Society B2 which was affiliated to the Surat Union provided crop loans, medium-term loans and pledge finance and undertook sale of cotton. A proposal for setting

up a ginning and pressing factory was under consideration during the Survey year.<sup>1</sup> Society B6 undertook sale of raw cotton in 1956-7 and sold through private traders. In Societies B12, B13 and B14, pooling of cotton was done at the primary credit society's level. Societies B13 and B14 got cotton processed at Society BMS4 but provision of pledge finance and marketing was done by the primaries themselves. Society B12 got cotton ginned in a privately owned factory while Society B11 arranged for ginning cotton at the factory of a marketing society. Society B16 provided crop loans and pledge finance and undertook sale of cotton. Cotton was ginned and pressed at Society BMS4 and sold through a private broker in Broach as it was not affiliated to the Broach Union.

As all the above mentioned societies, except B15, themselves undertook marketing of cotton, no arrangements were made for the sale of cotton through a marketing society. Recovery of crop loans was made from sale proceeds by the primary credit society itself. Only in Society B15 arrangements were made for the linking of credit with marketing on the lines of the Integrated Rural Credit Scheme.

Of the 23 marketing societies in the district, it was found<sup>2</sup> that in only one, viz., Society BMS1, arrangements were made for the recovery of crop loans advanced by primary credit societies out of pledge finance provided. It was also observed that though some primary credit societies were affiliated to the marketing societies, no formal arrangements for recovery of crop loans from the sale proceeds were made. Therefore, the purchase of shares of marketing societies by primaries appeared more of a formality than an attempt to link credit with marketing. Further, 12 of the 23 marketing societies in the district were advancing crop loans to their members.

Another important activity of the marketing societies was the procurement and distribution of agricultural requisites. None of the selected marketing societies except BMS1, however, undertook these activities. The primaries which undertook this activity did not always secure their supplies from the marketing societies.

The types of inter-relationship between primary credit societies and marketing societies as obtaining in Broach are summed up in the chart given on the next page.

Pledge finance was given not only by marketing societies but also by credit societies. The policy and by-laws as approved by the Co-operation Department permitted both types of societies to undertake both credit and sale activities. The

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<sup>1</sup>Subsequently, this primary credit society was converted into a marketing-cum-processing society, and the dormant credit society in the same village was revived.

<sup>2</sup>During the course of investigation a special schedule was canvassed among all the marketing societies in the district for collection of information about the formal arrangements made during 1956-7 for linking of credit with marketing. Two societies did not fill in the special schedule.

	FUNCTIONS UNDERTAKEN			
	Crop loans	Marketing of produce	Recovery of crop loans	Ginning and pressing
Primary credit society	Yes	No	No	No
Primary credit society	Yes	Yes	Yes	Yes
Primary credit society	Yes	Through marketing society	Through marketing society	In privately-owned plants
Marketing society	No	Yes	Yes	In co-operatively/privately owned plants
Marketing society	Yes	Yes	Yes	Yes
Sale-cum-processing society	Yes	Yes	Yes	Yes
Sale-cum-processing society	No	Yes	Yes	Yes
	(only by credit society)			
Processing society	No	No	No	Yes

problem of overlapping of functions was further complicated by overlapping of jurisdiction.<sup>1</sup>

Difficulties experienced by primary credit societies which undertook marketing of produce on their own are summarized below.

- (1) The small societies were not able to command large quantities for pooling and, therefore, had to sell cotton in small lots which did not fetch a good price.
- (2) The small societies found it difficult to compete with private traders who sold cotton in large lots at relatively better prices.
- (3) After a transaction was settled, at the time of taking the delivery, if the buyer rejected the entire lot on the ostensible ground that the produce was not upto the required standard, the society was not always in a position to offer an alternative lot of cotton. Further, the status of the small societies as a selling agency in the market was not generally very high because in cases where the buyers had to reject cotton lots on genuine grounds they found it difficult to fulfill their commitments to their outstation clients.
- (4) Cost of storage, insurance etc., were likely to be quite high so far as small societies were concerned, particularly because the secretaries of many small societies were not trained or qualified in the technicalities of cotton marketing.

### 17.3.5 Processing of cotton

The need for co-operative processing arises because buyers from Bombay and Ahmedabad prefer to buy ginned cotton in bulk for which they are prepared to

<sup>1</sup>Realizing the seriousness of these problems, a Committee was appointed to study them in detail. The Committee recommended in May 1958 that there should be no overlapping of areas among the credit or marketing societies and that credit societies should not undertake marketing of produce and the marketing societies should not give production credit.

offer better prices. As was seen earlier, because of the difficulties faced by co-operatives in getting cotton ginned and pressed in privately owned factories, efforts were made to establish co-operative gins and presses. Information on the progress made in regard to co-operative processing is given in Table 17.7.

TABLE 17.7—PROGRESS IN CO-OPERATIVE PROCESSING OF COTTON IN BROACH

	1954-5	1955-6	1956-7	1957-8
	1	2	3	4
1. Number of gins				
Co-operatively owned	6	6	9	10
Privately owned	29	31	30	30
Total	35	37	39	40
2. Number of presses				
Co-operatively owned	4	4	6	6
Privately owned	21	21	20	20
Total	25	25	26	26
3. Quantity of cotton ginned ( <i>Bhars</i> <sup>1</sup> in thousands)				
Co-operatively owned gins	41	44	37	43
Privately owned gins	1,56	1,51	1,12	..
Total	1,97	1,95	1,49	..
4. Quantity of cotton pressed (bales in thousands)				
Co-operatively owned presses	36	38	34	37
Privately owned presses	1,77	1,60	97	..
Total	2,13	1,98	1,32	..
5. Proportion of cotton marketed by co-operatives (Per cent)	21	34	39	50 <sup>2</sup>
Proportion of cotton ginned in co-operatively owned gins (Per cent)	21	22	25	..
Proportion of cotton pressed in co-operatively owned presses (Per cent)	17	19	28	..

(Source: Office of the Assistant Registrar of Co-operative Societies, Broach)

<sup>1</sup> 1 Bhar = 12 Bengal Maunds

<sup>2</sup> Provisional.

Despite the progress made by the processing societies, the quantity of cotton processed by these societies was less than one-third of the total quantity processed. The relatively slow rate of development may be ascribed to the difficulties experienced by marketing societies in mobilizing adequate financial resources. As against an initial capital expenditure of about Rs 5 lakhs for the construction of a ginning and pressing unit, the maximum aid the State could give by way of share capital contribution was about Rs 1.50 lakhs, apart from godown loans and subsidy. Finance for capital expenditure, because of its long-term nature, could not ordinarily be availed of from central banks. Hence, the problem of providing long-term finance to processing co-operatives was important in the district.

Further, it was reported that the capacity of processing plants was adequate for handling the entire cotton crop of the district. But a large number of processing plants were privately owned. Because of the large financial outlay involved, even a





societies. As is evident from the difficulties faced by Society BMS2, the basic issue was that of giving to each credit society adequate number of seats on the Managing Committee of the marketing society. In marketing societies, different criteria such as (1) relative size of membership at a point of time of each of the affiliated credit societies, (2) quantity of cotton sold by each credit society through the marketing society, (3) size of rural population covered by each of the credit societies etc., were taken into account while deciding upon the number of seats to be allotted to each credit society. The result was that the relationship between the credit and marketing societies was in many cases not conducive to the successful implementation of the co-operative development plans.

Finally, besides the problem of provision of long-term finance to processing co-operatives, there were problems regarding (1) the location of co-operative processing units in relation to the requirements of different areas and (2) the need or otherwise for constructing new processing units in preference to acquisition by co-operatives of existing privately owned processing plants, particularly against the background of adequate processing capacity in the district.

#### 17.4 MARKETING SOCIETIES IN EAST KHANDESH

The important cash crops grown in the district are cotton, groundnut and bananas. Bananas being a perishable crop which is exported in large quantities outside the district, cultivators depended to a considerable extent on peripatetic traders who advanced loans on standing crops and arranged for export. In the regulated market area there were six principal yards and four sub-yards during the Survey year. There were proposals for the establishment of three more principal yards and one sub-yard which, when implemented, would make the entire district a regulated market area. One or more co-operative marketing societies operated in six principal yards and three sub-yards.

##### 17.4.1 Co-operative marketing structure

The co-operative marketing structure in the district as at the end of June 1957 consisted of the District Co-operative Marketing Society (organized in 1956 to arrange for the pooling, processing and sale of produce of member-societies and for supply of agricultural requisites to them), the District Supply and Sale Federation (established in 1948 to inspect and supervise the working and accounts of marketing societies and of multi-purpose large size societies affiliated to it) and 35 marketing societies. In addition, 31 out of 135 multi-purpose societies also undertook marketing of produce on their own.

Of the 36 marketing societies, 6 were general purchase and sale societies, 17 were cotton sale societies and the remaining 13 were engaged in the marketing of fruits, mainly bananas. Out of 17 co-operative cotton sale societies, 2 had ginning plants also. Data relating to the marketing operations of these societies are given in Table 17.8.

TABLE 17.8—MEMBERSHIP AND SALE TRANSACTIONS OF MARKETING SOCIETIES IN EAST KHANDESH—1956-7

	Purchase and sale societies	Cotton sale societies	Fruit sale societies	Multi-purpose societies
	1	2	3	4
Number of societies	6	17	13	31
Number of members	2,812 <sup>1</sup>	5,677 <sup>1</sup>	4,669	..
Sale of produce (In thousands of rupees)	63,98	58,93	41,66	37,15

<sup>1</sup>Includes societies also.

There was a decline in the membership of the fruit sale societies due to withdrawal of the area under bananas in favour of other crops.

TABLE 17.9—SELECTED MARKETING SOCIETIES IN EAST KHANDESH—1956-7

(Amount in thousands of rupees)

	MEMBERSHIP		Crop loans during the year	Value of agricultural requisites or goods distributed during the year	Value of produce sold during the year	Proportion of produce sold through co-operatives to total produce sold (Per cent)	Major crops handled by the society
	Indivi- duals	Socie- ties					
	1	2	3	4	5	6	7
			Multi-purpose societies				
KMS 1 ..	401	1	1,32	1,43	11,59	90	Groundnut and cotton
KMS 2 ..	173	26	18	1,35	5,90	60	Cotton
			Purchase and sale societies				
KMS 3 ..	968	51	2	94	19,55	76	Groundnut and cotton
KMS 4 ..	1,437	13	2,01	1,23	21,46	71	Groundnut
			Fruit sale societies				
KMS 5 ,..	729	6	1,21	1,13	1,75	6	Bananas
KMS 6 ..	782	—	3,23	1,43	20,65	82	Bananas

(Source : General Supply Schedule No. 1 for all columns except 6; data in column 6 are based on special schedule for members of co-operatives)

### 17.4.2 Working of selected marketing societies

Six societies which undertook marketing of their members' produce were selected for investigation. A sample of members of these societies was also selected on a random basis and a special schedule was canvassed among them. Data relating to the six selected societies are given in Table 17.9 on page 479.

Two of the six selected societies were multi-purpose societies engaged in marketing of members' produce such as cotton, groundnut and foodgrains. These had, besides individual cultivators, primary credit societies as members. The societies granted crop loans, distributed agricultural requisites among their members, and also undertook sale of produce of members and non-members. Both the societies had secured State contribution to share capital and subsidies for construction of godowns. Since these two societies undertook marketing of produce themselves, they were not affiliated to any marketing society. On the other hand, it was reported that members of primary credit societies in their vicinity sold produce through these societies. Although no formal arrangements existed, secretaries of about four primary societies attended the office of Society KMS1, whenever the produce of their members was sold by the latter, to recover the crop loans. Similarly, seven credit societies whose members sold produce through Society KMS2 had passed resolutions authorizing their chairmen to collect sale proceeds directly from it. It would appear that the two multi-purpose societies studied were in every sense marketing societies undertaking credit and marketing activities, thus resulting in overlapping of functions and jurisdiction with credit and marketing societies in the vicinity.

Three of the remaining four selected marketing societies had received State contribution to share capital. All these societies reported granting of crop loans to their individual members. As such, it was found that some members of Societies KMS4, KMS5 and KMS6 had borrowed both from the marketing and the credit societies in their area. As regards marketing of produce, sales were made immediately after the produce was brought to the society or according to the instructions of the producer.

Only in Society KMS6 sale was effected after pooling. This was the only society which had arranged for harvesting, packing and export of bananas. Payments were made at the end of the year on the basis of average pool price received by the society.

Data relating to sale of produce by selected members are given in Table 17.10 on page 481. The proportion of produce sold through co-operatives to total produce sold increased in both the multi-purpose societies, while it declined in the other societies. Members of the multi-purpose societies appeared to have welcomed the pilot project, while those of the two purchase and sale societies were positively averse to it because of the withdrawal of the facility of taking loans from both credit

TABLE 17.10—SALE TRANSACTIONS OF SELECTED MEMBERS OF SELECTED MARKETING SOCIETIES IN EAST KHANDESH

	Number of selected members	VALUE OF PRODUCE SOLD THROUGH SOCIETY TO TOTAL PRODUCE MARKETED (Per cent)		Number of members reporting loans in kind	Number of members reporting repayment through sale society
		1957-8	1956-7		
	1	2	3	4	5
		Multi-purpose societies			
KMS 1 ..	20	90	66	17	19
KMS 2 ..	16	60	39	11	6
		Purchase and sale societies			
KMS 3 ...	24	76	86	4	—
KMS 4 ..	24	71	73	5	18
		Fruit sale societies			
KMS 5 ..	20	6	10	2	4
KMS 6 ..	20	82	81	14	17

(Source: Special Schedule)

and marketing societies. The management of the purchase and sale societies was also not in necessary contact with credit societies, and there were no proper arrangements for inter-linking. Society KMS5 was ill-equipped to undertake marketing of produce on account of transport difficulties and competition from two private companies. The performance of Society KMS 6 was, however, comparatively better.

The members of societies who sold produce through co-operatives complained about delays in settlement of accounts and that prices received by them were somewhat low. There was, however, no statistical evidence for the same. It may be pointed out that the number of traders who came to the auctions was small and competitive bidding was not much in evidence. On many occasions, traders abstained from the auction whenever produce of members of co-operatives was to be sold. Further, some members complained about the practice of weighing the produce at the purchasers' doors. Sale of produce through co-operatives was also adversely affected by the fact that some traders posed themselves as agents of the marketing societies. Members of one society complained about improper auctions, delay in weighing, and even suspected underhand dealings between officials of the society and traders.

The traders usually took delivery of produce without cash payment and the problem of purchasers' dues or trade credit was serious. At the end of December 1958, sixteen co-operative sale organizations had extended trade credit to the extent of Rs 11 lakhs. In contravention of the rules regarding regulated markets, purchasers failed to pay the sale price within the stipulated period of 72 hours. The traders did not also pay any interest on the outstandings. Refusal to offer trade credit resulted in threat of boycott of auctions by purchasers, particularly in regard to cotton. This was one of the important factors limiting further growth of marketing co-operatives.

The schemes of development of co-operative marketing in the district provided for the establishment of 35 marketing societies by the end of 1956-7. Accordingly, two societies were registered during the year in addition to the District Marketing Society registered in 1955-6. During 1954-5, the proportion of marketed produce handled by co-operatives was estimated at 6 per cent and the Plan provided that it should be increased to 16 per cent by 1956-7. It was estimated that during 1956-7 co-operatives handled about 10 to 15 per cent of the marketable produce.

Thus, it may be said that although there were some defects such as overlapping of functions and jurisdiction, lack of efforts at linking credit with marketing, prevalence of the system of trade credit and the virtual absence of co-operative processing, co-operative marketing in the district had made some progress.

### 17.5 MARKETING SOCIETIES IN DHARWAR

Cotton, chillies and groundnut are the principal cash crops of the district. In *Malnad*, paddy was sold in sizeable quantity. There were nearly 30 marketing centres in the district all of which came under the purview of the Bombay Agricultural Produce Markets Act, 1939.

#### 17.5.1 Marketing of cotton

*Laxmi* and *Jayadhar* are the two improved varieties of cotton largely grown in this district. The schemes for supply of seed and maintenance of the purity of improved varieties were run on lines similar as in Broach. However, mainly because of the varying types of soils and difficulties of demarcation of areas, no separate zones for each of these varieties were laid down.

Cotton-growers in the district generally sold raw cotton to petty traders and commission agents in the village. The latter brought it to the regulated markets where it was sold directly, or through commission agents, to buyers from consuming centres such as Bombay. Adulteration of cotton was the main defect in the marketing of cotton in this district. Processing of raw cotton was done by local traders or by Bombay buyers in privately owned gins which were taken on lease for the cotton season. Adulteration occurred sometimes at the time of collection of produce from different cultivators. Sometimes some cultivators went in for bazaar seed which was not of pure quality and in some cases even the seed supplied by some of the badly

managed marketing societies was not of the required quality. Further, farm wages were paid in kind (cotton). These factors led to adulteration or mixing of different varieties or qualities of cotton at the village level. It was, however, reported by knowledgeable persons that adulteration was deliberately done at the time of ginning and pressing at the factories, perhaps with the collusion of some up-country buyers. In the absence of adequate staff with the Cotton Superintendent, the supervision over the work in the ginning factory appeared to be far from satisfactory. The practice of mixing quality cotton with the low quality cotton was so widespread and the supervision by the staff of the Cotton Superintendent so poor that there was little difference in the prices of cotton certified with 'Agmark' and of uncertified cotton<sup>1</sup>. Recently, the Department stopped giving Agmark certificates, and certificates were given only for the 'reserved area' cotton. The net result of this was that Karnatak cottons did not fetch prices which the quality deserved, though recently there has been some improvement in this regard. Even so, the widespread adulteration by private traders became an impediment to the development of marketing co-operatives as the latter could not resort to such malpractices.

#### 17.5.2 Co-operative marketing structure

Members of co-operatives brought raw cotton in bundles, locally called 'andagi', to the marketing societies which generally had their offices in the regulated market yard. Cotton was then graded. Public auction of (graded) raw cotton was conducted by the marketing society and the proceeds, when realized, were paid to the cultivators according to the quantity and grade of cotton of each cultivator. The produce was not ordinarily lifted till the merchants contacted outstation buyers. Payment was made either in cash or by *hundis*. In many cases, purchasers were permitted to lift cotton from the yard even before paying the purchase price. The settlement of accounts with member-cultivators was done in many cases only after the purchaser paid the entire price of the produce, which resulted in considerable delay.

Unlike in Broach where cotton was pooled at the society's level and processed, and sold by private negotiations through the Unions, in Dharwar there was no pooling at all; each member's produce was graded according to its quality and was sold by auction in the regulated market. In effect, therefore, the auctions conducted by the marketing societies in Dharwar did little more than bring together the buyers and sellers in one place in a regulated market, and thereby saved the cultivators from the malpractices usually prevalent in unregulated markets.

There were in the district sixteen marketing societies including the District Purchase and Sale Union. In addition, there was the District Co-operative Supply

<sup>1</sup>As stated earlier, cotton produced under the cotton seed multiplication scheme may be classified, for the sake of illustration, into three categories: 1) Reserved area cotton:—when the quantity of seed at the earlier stages of distribution is inadequate, it is distributed to only a select group of cultivators in a select area. Seeds from cotton grown from these seeds are distributed to other cultivators for cultivation. 2) Certified Area Cotton:—cotton which is certified by the Cotton Superintendent. 3) Uncertified Cotton:—that which does not satisfy the standards of purity laid down by the Cotton Superintendent. In Dharwar, only the reserved area cotton fetched higher prices.

and Sale Federation, organized in 1949, to which all the marketing societies were to be affiliated. All the marketing societies sold produce on a commission agency basis. Two were gardeners' societies. The others were engaged in the sale of produce such as cotton, paddy, chillies and groundnut. Co-operative marketing of cotton was done only by the marketing societies. The District Purchase and Sale Union had branches at those marketing centres where there was no marketing society. Marketing co-operatives covered almost all the important marketing centres in the district.

### 17.5.3 Selected co-operative marketing societies

Four of the sixteen marketing societies were selected for investigation. Particulars relating to the membership, loan and marketing operations of these selected societies are given in Table 17.11.

TABLE 17.11—SELECTED MARKETING SOCIETIES IN DHARWAR—1956-7

(Amount in thousands of rupees)

	MEMBERSHIP		LOANS ADVANCED DURING THE YEAR		Value of agricultural requisites or goods distributed during the year	Value of produce marketed during the year	Proportion of produce sold through co-operatives to total produce sold (Per cent)
	Indi-viduals	Socic-ties	Crop loans	Pledge-loans			
	1	2	3	4	5	6	7
DMS 1 ..	893	13	—	22,71	84	21,01	80
DMS 2 ..	765 <sup>1</sup>	6	1,40 <sup>2</sup>	25,27	1,93	24,91	86
DMS 3 ..	929	30	38 <sup>3</sup>	3,25	1,14	7,36	71
DMS 4 ..	830	104	—	2,65	1,57	21,09	46

(Source: General Supply Schedule No. 1 except for column 7, which is based on ISS (2) data)

<sup>1</sup>Includes nominal members.

<sup>2</sup>Includes loans in kind and medium-term loans.

<sup>3</sup>Includes loans in kind.

Three of the four societies were mainly cotton marketing societies while the fourth one sold chillies, cotton, etc. Before the initiation of the pilot project, all the societies gave crop loans. After the initiation of the pilot project, however, these societies curtailed their crop loan activity. All the four societies granted pledge finance and undertook marketing of cotton on the lines described earlier.

Two marketing societies operating in the same area were located in one marketing centre. These were Society DMS1, also referred to as the Sale Society, started

in 1915, and Society DMS2, organized in 1952, hereafter referred to as the Processing Society. The functions of these two societies also overlapped.

The membership of the Sale Society consisted of 13 credit societies and 893 individuals; it was reported that some of the individual members of the society were non-cultivators. Nearly 80 per cent of the produce marketed by selected members was reported to have been sold through co-operatives. Government had agreed to contribute Rs 15,000 towards the share capital of the society. Purchasers' dues or trade credit amounted to Rs 4.73 lakhs as at the end of June 1957. It was reported that one trader who owed this society an amount of Rs 1.95 lakhs also owed, in all, Rs 5.56 lakhs to six marketing societies in the district.

Society DMS2 had membership of 765 individuals including 325 nominal members and 6 societies in 1956-7. The total share capital of the society amounted to Rs 1.86 lakhs of which Rs 50,000 representing State contribution was expected to be used for purchase of a ginning plant. Government granted a loan of Rs 25,000 and a subsidy of Rs 12,500 to it for the construction of a godown. It had two well-built godowns but no ginning and pressing plant was set up upto June 1957. The society advanced crop loans in addition to pledge finance to those individual members who agreed to sell their produce through it. Medium-term loans were also granted to some members. Crop loans were advanced out of the owned funds of the society, as the central bank did not provide accommodation for this purpose to marketing societies. No normal credit statements were prepared for crop loans nor any charge was created under Section 24AA of the Bombay Co-operative Societies Act, 1925, as was done by primary credit societies. It was also observed that no precautionary measures were taken to ensure that the members who were advanced crop loans did not borrow from other credit societies.

Society DMS3 was organized in 1947 and covered 49 villages in the *mahal*. The membership of the society in 1956-7 consisted of 929 individuals and 30 societies. It had a share capital of Rs 50,410 of which Rs 20,000 represented State contribution. It had also received godown loans and management subsidy. It sold members' produce worth Rs 7.36 lakhs and according to replies given by the members, about 71 per cent of their produce was sold through co-operatives. As regards linking of credit with marketing, ten primary credit societies had established a link with this society for the recovery of crop loans. However, only in one society did the recovery of crop loans through sale proceeds exceed 50 per cent of the dues.

Society DMS4 was situated in one of the very important centres for chillies in the whole of Mysore State. It was organized in 1921 and its area of operation extended to two taluks and one *mahal*. It had branches at the two taluk headquarters which are cotton and groundnut marketing centres. There were 830 individuals and 104 primary credit societies as members. It was reported that some of the individual members were non-cultivators. It had share capital of Rs 26,550 of which Rs 13,000



were contributed by the State. The practice of providing trade credit was prevalent in this society also, and as at the end of June 1957, trade credit amounted to Rs 1.10 lakhs, of which Rs 86,537 were overdue. Fifty-four primary societies had made arrangements with this society for the recovery of crop loans from sale proceeds of members; in 45 societies members sold produce through it. It was learnt that many members did not bring the entire produce for sale through the marketing society and that they took a portion for sale through the *dalals*. It was reported that the proportion of produce that was brought to the society for sale to total arrivals in the market was only 10 per cent in respect of chillies, 15 per cent of cotton and 6 per cent of groundnut. Some office bearers of the credit societies in the vicinity said that there was another market in a nearby place which fetched better prices for the produce.

#### 17.5.4 Some important problems of co-operative marketing

Overlapping of jurisdiction and of functions, trade credit and influence of traders, lack of proper linking of credit with marketing and lack of care in the

TABLE 17.12—CREDIT AND MARKETING ACTIVITIES OF CO-OPERATIVE MARKETING SOCIETIES IN DHARWAR—1956-7

		WHETHER THE SOCIETY GAVE		Number of member- societies	Number of societies proposed to be linked	Number of societies linked	Purchasers' dues out- standing in June 1957 (Rupees in lakhs)
		Crop loans	Pledge loans				
		1	2	3	4	5	6
DMS 1	..	No	Yes	13	1	3	4.73
DMS 2	..	Yes	Yes	6	—	—	2.18
DMS 3	..	Yes	Yes	30	12	10	0.78
DMS 4	..	No	Yes	104	11	32	1.10
DMS 5	..	No	Yes	366	50	100	7.41
DMS 6	..	No	No	5 <sup>1</sup>	6	—	—
DMS 7	..	Yes	Yes	111	—	—	4.89
DMS 8	..	No	Yes	24	10	7	2.01
DMS 9	..	Yes	Yes	70 <sup>1</sup>	10	5	1.74
DMS 10	..	No	No	15 <sup>1</sup>	—	—	—
DMS 11 <sup>2</sup>	..	No	No	—	—	—	—
DMS 12	..	Yes	No	19	10	10	0.39
DMS 13	..	Yes	Yes	38 <sup>1</sup>	8	5	1.47

(Source: Columns 1, 2, 3 and 5 are based on a Special Schedule; columns 4 and 6 are based on the data supplied by the District Co-operative Supply and Sale Federation Ltd.)

Note:—Of the 16 societies in the district, two were vegetable sale societies and one did not fill in the schedule. In the case of this society purchasers' dues amounted to Rs 2.01 lakhs.

<sup>1</sup>As in 1955-6.

<sup>2</sup>Newly started.

selection of centres for location of marketing societies were among the major problems faced by marketing co-operatives in the district.

As stated earlier, there were sixteen marketing societies in the district including the District Purchase and Sale Union operating at the district level with branches at six centres. A study of the area of operation of the marketing societies revealed that there was overlapping of jurisdiction in the case of some marketing societies.

Some of the marketing societies gave short-term as well as pledge loans as will be seen from Table 17.12 on Page 486.

Provision of crop loans by marketing societies gave rise to two sets of problems. Firstly, these societies tried to recover, at the time of sale of produce, the loans given by them instead of those given by the credit societies. Secondly, because of overlapping of functions, there was a possibility of double financing of members. Before giving loans, the marketing society did not always ask its members to produce a certificate (from the primary society of which they were members) that they were not indebted to the primary society. Thus overlapping of functions prevented effective linking between credit and marketing societies.

Unlike in Broach, in Dharwar, at the initial stages of planning, greater emphasis was laid on proper arrangements for inter-linking by listing the credit societies which were to be linked to each marketing society and by discouraging marketing societies from giving production credit. Success achieved in this regard was perhaps greater in this district than in many other selected districts. But the general performance was, however, not very satisfactory.

Adverse circumstances resulting from adulteration of cotton which impeded successful development of co-operative marketing, and the weak position of the marketing societies *vis-a-vis* private traders and cotton buyers, were the two important factors responsible for the seriousness of the problem of trade credit faced by marketing co-operatives. Because of the bad name acquired by Karnatak cottons and mainly as a result of the fact that none of the marketing societies had taken up processing activities, the societies were doing little more than the normal function of a cotton commission agent in the yard of the regulated market. Hence, the bargaining position of marketing co-operatives *vis-a-vis* brokers and purchasing agents of the Bombay buyers was very weak. Though all the marketing societies were located in centres which were regulated, the regulation of markets, by itself, did not materially increase the bargaining power of members. The buyers were in a position to dictate terms to the society conducting the auction. In fact, when one marketing society tried to enforce the rule of delivery of produce after cash payment in one auction sale, all the bidders withdrew *en bloc* from the arena. Further, cotton was sold by marketing societies before processing and hence, the societies had to sell cotton largely to brokers of Bombay buyers who arranged to get cotton ginned and

pressed in private factories. In order to get a better price for the produce, marketing societies permitted the successful bidders to lift the produce from the compound of the society or the market yard without paying the sale price. Particularly in those marketing societies where traders dominated the management, the problem of trade credit had assumed serious proportions.

Because of large outstandings in the form of trade credit, many marketing societies found it difficult to settle the accounts with the individual members which in turn resulted in their delaying the repayment of crop loan taken from primary credit societies. In such cases, whereas the cultivator was asked to pay interest on the outstanding crop loan, the cotton purchaser who availed of trade credit was not made to bear any interest charges.

It should, however, be stated that to some extent the practice of extending trade credit was copied by the marketing societies from the local traders who also extended similar facility to Bombay buyers. But at the same time, it has to be admitted that some traders who dominated the management of some societies used this system for securing funds from co-operatives for financing their business operations.

Unsatisfactory performance with regard to the inter-linking of credit with marketing, referred to earlier, could be ascribed mainly to the inefficiency of credit and marketing societies and to the difficulties in making further headway in co-operative marketing due to the absence of development of co-operative processing.

The importance of ensuring proper arrangements for the inter-linking of credit with marketing was not fully appreciated either by credit or marketing societies. The marketing societies, on their part, were of the view, in many cases understandably, that many credit societies were not well managed and in the absence of proper disbursement of loans co-operative marketing was hampered. On the other hand, the views held, in many cases justifiably, by credit societies regarding the performance of marketing societies could be summed up as under:

(1) Improper arrangements for assembling of produce: Virtually in no case, particularly in respect of paddy in *Malnad*, was the produce assembled at the primary society's level. As the transport facilities were inadequate, the cultivator found it difficult to carry the produce to the marketing centre where the marketing society was located. This problem was conveniently solved by the private trader who took delivery of the produce at the cultivator's door.

(2) Storage and grading: Arrangements for storage of paddy in *Malnad* were not always satisfactory. Delay in effecting sales which involved additional expenditure for the cultivator made the problem of storage still more difficult. Grading of produce, particularly uncertified cotton, was sometimes done unsatisfactorily and it was stated that the bigger cultivators and sometimes petty trader-cum-cul-

tivators managed to get better grades for their produce. It was also reported that sometimes, they would-be purchasers attempted to influence the staff who were in charge of grading so that produce would be given a grade lower than what it deserved. It was not possible to ascertain the veracity of various complaints but there was reason to believe that the standards for grading of produce was not uniformly followed in some places.

(3) Auction, settlement of accounts and payment: There were complaints that in some marketing societies public auctions were often not held promptly and that sometimes produce was sold through private negotiations. Complaints about complacency and delay in settlement of accounts with members and in making payments were found to be justified.

(4) Management : The marketing societies were not always managed by trained secretaries with the necessary business acumen. Secretaries of some of the marketing societies were, it was complained, partial to cotton buyers. Further, the Managing Committees of some marketing societies were dominated by urban interests and traders. For instance, in one marketing centre, the branch office of a co-operative marketing society which undertook sale of paddy was located in the compound of a privately owned rice mill, the owner being a Managing Committee member. This open domination of marketing societies by private trading interests discouraged cultivators from bringing produce to the marketing co-operatives. A recent policy directive that members getting crop loans should sell their produce through co-operatives placed several primary credit societies in a piquant situation. This situation was exploited by some rice mill owners in the villages, who wanted paddy to be brought to their mills in villages instead the produce being transported to the marketing centre. These rice mill owners sponsored a move to request the Co-operation Department to permit primary credit societies to undertake marketing of produce. Had this move succeeded, the relation between credit and marketing societies would have been adversely affected as it would have encouraged competition between credit and marketing societies.

(5) Marketing finance : Pledge finance was provided by all the marketing societies to members who brought the produce for sale. It was, however, found that discretion given to the manager of the marketing society in granting pledge finance as also in the margins to be maintained was not properly exercised. The central bank, while sanctioning godown limits, stipulated that the marketing society should advance 50 per cent of the value of produce brought by the cultivator. But there seemed to be no proper check on the utilization of the accommodation given to marketing societies.

It was noted earlier that big cultivator-cum-petty traders brought produce of the small cultivators to the marketing society. Since the marketing society had no means of verifying whether the produce was grown on the member's own farm, it

was not unlikely that the benefits of marketing finance were availed of more by traders and cultivator-cum-traders than by cultivators.

(6) Improper location of marketing societies : Decisions regarding the location of the headquarters of the marketing societies and the arrangements for linking credit societies with marketing societies were not always taken after a proper study of the normal trade channels. For example, the cultivators of a village near a marketing centre for cotton, groundnut and chillies were of the view that chillies fetched a better price in another nearby marketing centre. There was also the case of a credit society being affiliated to a marketing society at a centre where the particular produce grown by its members did not secure a fair price. Similarly, there were instances of members of credit societies taking their produce to a marketing society different from the one with which their credit societies were affiliated. Thus, a proper study of normal marketing channels is very necessary for taking decisions regarding the arrangements for inter-linking and for ensuring successful implementation of the scheme.

## 17.6 MARKETING SOCIETIES IN COIMBATORE

### 17.6.1 Co-operative marketing

The important cash crops grown in the district are cotton and groundnut. Usually the petty traders and commission agents advanced loans to agriculturists either before sowing of crops or at the time of harvest on the condition that produce would be sold to them. At the time of harvest petty traders collected the produce at the threshing floor and transported it to the marketing centre or the privately owned cotton gins, as the case may be. Cotton, groundnut and turmeric were brought within the purview of the Madras Commercial Crops Markets Act, 1933, even as early as in 1935.

As on 30 June 1957, there were in the district, fourteen marketing societies in addition to the Central Co-operative Stores which was functioning on the lines of a district supply and marketing society and 275 jaggery societies and one sugar mill. The Stores was proposed to be converted into a district marketing society. Two of the fourteen societies were cotton sale societies and other two were organized exclusively for the benefit of hill tribes for collection and sale of minor forest produce. Of the fourteen societies, ten were in the Coimbatore circle and four in the Erode circle. Five of these societies were selected for investigation.

Information regarding membership and marketing activities of these societies is given in Table 17.13 on page 491.

Of the five marketing societies, Society CMS1 did not report any marketing activity during the year and its operations consisted mainly of distribution of chemical fertilizers. Societies CMS2 and CMS3 did little more than export chillies

TABLE 17.13—SELECTED MARKETING SOCIETIES IN COIMBATORE—1956-7

(Amount in thousands of rupees)

	MEMBERSHIP		LOANS ADVANCED DURING THE YEAR		Value of agricultural requisites or goods distributed during the year	Value of produce marketed during the year
	Individuals	Societies	Crop loans	Pledge loans		
	1	2	3	4	5	6
CMS 1 ..	520	35	—	7	41	—
CMS 2 ..	558	37	—	9	65	2,55
CMS 3 ..	1,670	56	—	91	68	1,21
CMS 4 ..	7,487	160	—	2,71	4,55	14,14
CMS 5 ..	4,268	118	—	3,52	4,11	9,14

(Source: General Supply Schedule No. 1)

to Ceylon. Society CMS4 was engaged in marketing of cotton, turmeric and groundnut and Society CMS5 in marketing of cotton.

Society CMS1 had jurisdiction over parts of a taluk while the jurisdiction of Society CMS2 extended over two taluks, and that of CMS3 over one taluk; Society CMS4 had jurisdiction over four taluks; jurisdiction of Society CMS5 extended over several districts.

State contribution to share capital of marketing societies to the extent of Rs 10,000 each was sanctioned to two of the five selected societies which were in the pilot project area of the Integrated Rural Credit Scheme. Godown loans/subsidy were granted to two societies, while management subsidy was given in the form of free services of a Sub-Registrar to two societies.

#### 17.6.2 Operations of the selected marketing societies

All the five selected marketing societies provided pledge finance to their members against agricultural produce, especially, cotton. Advances were also given by Society CMS4 against turmeric, by Societies CMS1 and CMS2 against tobacco, and by Society CMS3 against groundnut.

Society CMS1 had functioned as a co-operative stores since its inception. After the decontrol of foodgrains, it was converted into a marketing society for dealing in cotton and tobacco. The board of management comprised representatives of individuals only. The society received State contribution to share capital. This was one of the societies selected for intensive development under the Second Five

Year Plan according to which 40 credit societies were to be 'linked' to it by 1956-7. By the end of 1956-7, arrangements for linking with 32 societies were made. But none of the affiliated societies sold their produce through the marketing society. This was due to (1) absence of enthusiasm on the part of the office-bearers to undertake marketing of produce, (2) inadequate propaganda and (3) lack of a godown and a yard. No produce was sold through the marketing society even though arrangements were made for linking it with the credit societies and the cultivators had undertaken to sell their produce through it. It gave only pledge loans to members who sold produce through private traders.

Society CMS2 exported chillies valued at Rs 2,54,800 to Ceylon during the year. The export business was reported to have not been attended to satisfactorily as only the members of the Managing Committee and their relatives derived most of the benefits out of it. It distributed agricultural requisites among the cultivators. The members of the Managing Committee were given a preferential treatment in the distribution of fertilizers also.

Though 56 credit societies were affiliated to it, Society CMS3 did not undertake any marketing activity except the solitary transaction of export of chillies worth Rs 1,21,278 to Ceylon during 1956-7. The society granted pledge finance to members against produce, mainly groundnut. The headquarters of the society is at a big marketing centre for groundnut which is directly purchased by merchants. The society had no godown of its own but had rented one from its president for an annual rent of Rs 2,811. Though it had sufficient funds to set up a godown of its own, the president was unwilling to accept the idea for obvious reasons. The trading interests were dominant in the Managing Committee as five out of the fifteen directors were traders or mill-owners and the rest were big cultivators.

Society CMS4 was engaged in marketing of cotton, groundnut and turmeric produced by its members as may be seen from Table 17.14. Value of produce marketed by this society was the highest among the five selected societies. It may be noted that although its financial position was not as strong as that of Society CMS5, the value of produce marketed by it was higher than that of Society CMS5.

A significant point that emerged from the supply-side investigation was that only in two of the eighteen selected working credit societies, selected members reported sale of produce through co-operatives<sup>1</sup>. Both of these societies were affiliated to Society CMS4, and the Full Finance Scheme was in operation in one of the two societies, viz., Society C1. In Society C1, 18 per cent of the selected members reported sale of produce (through co-operatives) accounting for 9 per cent of the total produce sold by them.

Thirty-one primary credit societies were linked to Society CMS4. These primary credit societies advanced loans to members on the understanding that they would sell

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<sup>1</sup>See also Section 15.4.4; a description of the Full Finance Scheme is in Section 14.2.4.

TABLE 17.14—VALUE OF PRODUCE SOLD/EXPORTED BY THE SELECTED MARKETING SOCIETIES DURING 1956-7

(Amount in thousands of rupees)

	COMMODITIES SOLD/EXPORTED DURING 1956-7			
	Chillies	Cotton	Turmeric	Groundnut
	1	2	3	4
CMS 1 <sup>1</sup>	—	—	—	—
CMS 2	2,55	—	—	—
CMS 3	1,21	—	—	—
CMS 4	—	7,30	6,39	45
CMS 5	—	9,14	—	—

(Source: General Supply Schedule No. 1)

<sup>1</sup>Did not report any marketing activity during the year.

their produce through the marketing society. Out of 450 members to whom these 31 societies had advanced loans amounting to Rs 1.05 lakhs, only 244 members of 27 societies reported sale of produce worth Rs 76,413 through the marketing society. Of this amount Rs 55,013 were adjusted by the marketing society against their borrowings from credit societies. In addition, 900 of the 7,487 individual members of the marketing society also reported sale of produce through the marketing society. The primary societies elected marketing *panchayatdars* to arrange for the collection of produce of members indebted to them. When produce was brought to the marketing society, it was placed in the market yard in the case of turmeric and in the society's godown in the case of cotton. Cotton was sold by secret tenders at the head office of the society. Sales were conducted twice a week during the marketing season. Tenders were opened in the presence of merchants and produce was sold to the highest tenderer with the consent of the producer. Turmeric was sold on all days by private negotiations in the market yard. Cotton was sold on other days also by private negotiations. The society had appointed an agent to tour villages and collect turmeric from the cultivators in its own lorry. During the year, the society undertook sale of about 13 per cent of the turmeric produced in the area and 10 per cent of the cotton produced in the taluk. Thus, this was one of the societies in which some attempts were made at linking credit with marketing. It was a well-managed society, and there was no domination by traders and vested interests on the Managing Committee.

Society CMS5 specialized in cotton marketing, and its area of operation extended to more than one district. Though there was State contribution to the share capital to the extent of Rs 10,000, State nominees were not appointed upto June 1957. Many members of the Managing Committee were big cultivators, landlords, industrialists and cotton traders. Less than 2 per cent of the arrivals in the



market yard during the year was marketed by the society mainly because a number of private traders and private associations were constantly working for strengthening their hold on the market. There were a number of private ginning factories in the area. Agents of cotton textile mills who advanced loans to cultivators and dealt with them directly purchased their requirements from this area.

The above discussion would indicate that except in the case of Society CMS4 in which significant progress was made with regard to marketing of agricultural produce, the operation of marketing societies consisted mainly of providing pledge finance.

Of the five marketing societies which provided pledge finance, in the case of two, viz., CMS4 and CMS5, pledge loans advanced exceeded Rs 2.5 lakhs each. As a part of the supply-side enquiry, it was, therefore, decided to study in detail the pledge loans exceeding Rs 2,000 each advanced to members.

In all, ten members of Society CMS4 received more than Rs 1,000 each as pledge loans. Only two of them received pledge loans exceeding Rs 2,000 each. An examination of these cases revealed that both the borrowers were cultivators having no other occupation.

Out of Rs 3.52 lakhs advanced as pledge loans by Society CMS5 to about 650 members during 1956-7, Rs 2.18 lakhs or about 62 per cent were advanced to 48 individuals from twenty villages, each of whom secured loans amounting to Rs 2,000 or more. Twenty-five members from ten villages wherein the largest number of borrowers was reported were selected for investigation. Of the 25 members who were selected for investigation, 20 were traders or commission agents. An analysis of the occupation of these members revealed that they were cultivating only small pieces of land and the quantity of produce pledged by them was far in excess of the quantity produced on their lands. For instance, a member who owned five acres of land pledged produce worth Rs 14,000 with the society; there were four other similar cases. Many such members purchased produce from the cultivators without making any initial payment and pledged it with the society in their own name. After selling the produce directly to purchasers the amount was paid to the cultivators. The individual credit limit for pledge loans was Rs 20,000 and this enabled petty traders to secure large pledge advances. This marketing society was virtually under the control of a rich family. In fact, the society appeared to be doing more for the traders than the agriculturists.

The foregoing discussion would indicate that many marketing societies in Coimbatore did little for the development of co-operative marketing. The only exception perhaps was Society CMS 4 from the area covered by the pilot project of the Integrated Rural Credit Scheme and the Full Finance Scheme.

#### 17.7 MARKETING SOCIETIES IN WEST GODAVARI

Area under paddy accounted for about 68 per cent of the gross cropped area in the district. It was estimated that about one-third of the total paddy production was

converted into hand-pounded rice, leaving 4.4 lakh tons of paddy for sale after milling. Large quantities of rice were exported outside the district. In the district there were no regulated markets for paddy upto June 1957. Rice mills in the district were of two kinds : (1) big rice mills with a daily conversion capacity of 150 bags coming under the purview of the Factories Act, 1948 and (2) huller rice mills situated in remote villages. It was reported that in 1956-7 there were 109 big rice mills in the district with a total conversion capacity of about 10 lakh tons per year. The conversion capacity of these rice mills alone appeared to be adequate for de-husking the entire paddy production in the district. Generally the millers themselves were traders. Though a large proportion of cultivators contacted the millers directly with samples of produce and settled the prices, there were commission agents also who acted as middlemen between the miller and the producer. Some commission agents acted as traders, purchasing paddy from the cultivators. Again some of the well-to-do cultivators with holdings of 20 acres and above also purchased paddy from small cultivators. Commission agents generally obtained commission not only from the producer but also from the miller because of keen demand for the produce.

#### 17.7.1 Co-operative marketing in the district

It was noted in Section 17.2 that none of the members of the selected credit societies in the district reported sale of produce through co-operatives. This was due to the fact that the marketing societies in the district confined their activities to provision of pledge finance and did not undertake marketing of produce.

Of the eleven marketing societies in the district, seven were in the Eluru circle and four in the Bhimavaram circle. Many of these societies were the erstwhile producer-cum-consumers' societies and crop loan and sale societies. Of the 369 primary credit societies in the district, 79 were affiliated to the marketing societies. In addition, there was the District Co-operative Marketing Federation to which 112 primary credit societies were affiliated. The Federation was mainly engaged in the distribution of chemical fertilizers and did not undertake marketing of paddy.

Three of the eleven marketing societies in the district had received State contribution to share capital. The total share capital exceeded Rs 20,000 in nine out of the eleven marketing societies. Under the Second Five Year Plan it was proposed to reduce the number of marketing societies in the district to eight. Under the scheme of reorganization, two societies in a taluk were wound up and their membership was transferred to a third society. There were similar proposals for other societies in the district. In almost all the marketing societies there was a preponderance of individual members ; in the case of four societies, the membership did not include even one primary society.

#### 17.7.2 Selected marketing societies

Five of the eleven marketing societies in the district were selected for study. Societies WMS2 and WMS3, both being in the pilot project area, received State

contribution to share capital to the extent of Rs 30,000 and Rs 25,000, respectively. Society WMS1 received subsidy for construction of a godown. Services of trained Inspectors of Co-operation Department were made available to Societies WMS2 and WMS3.

There was, as stated above, preponderance of individuals among the membership of marketing co-operatives. The individuals could transact business directly with the marketing societies independently of the primary credit societies.

Loans against pledge of paddy were issued to the extent of 75 per cent of the value of produce. Pledge loans were also made available against the security of commercial crops other than cotton, groundnut and *supari* to the extent of 60 per cent of the value of produce. The produce that was pledged was kept in the member's own godown with the approval of the central bank or in a rented godown. In some cases, goods were stored in improvised godowns, and in such cases, the society secured collateral security bonds with sureties or mortgage of immovable property. None of the marketing societies arranged for sale of members' produce pledged with them. The members themselves negotiated for sale. When a transaction was settled, the producer-loanee repaid the pledge loan to secure the key of the godown. Although pledge advances were granted only to members, there was no procedural check to ensure that the produce brought was the member's own and was not purchased by him from other cultivators. In this connexion it may also be noted that in spite of the suggestion of the Co-operation Department that societies should insist on their members to sell their produce through the marketing society, neither the marketing society undertook sale of produce nor the members brought produce to the marketing society for sale.

It may be noted that primary credit societies also advanced pledge loans. Out of nineteen primary credit societies studied in the district, fourteen advanced pledge loans ; of these, two were small size societies. In the absence of any linking arrangements with any of the marketing societies, and in view of the fact that the latter did not arrange for marketing of members' produce, there was some overlapping of functions. This was further underlined by the fact that the membership of marketing societies consisted predominantly of individuals to whom the societies advanced pledge loans without any reference to the primaries.

A sample of 28 members of Society WMS1 and 23 members of Society WMS2 was selected on a random basis from out of those members who secured a pledge loan of Rs 2,000 or more. In Society WMS1, among the selected borrowers were included a trader dealing in paddy, a rice mill lease-holder and two paddy commission agents who secured more than Rs 5,000 each as pledge finance. In this society, the Managing Committee included one businessman and one petty cloth merchant. It was found that in Society WMS2, of the members selected, three reported trading in paddy.

It was observed earlier that none of the marketing societies undertook sale of members' produce. The marketing societies did not install any processing plant

nor did they make any arrangements for processing of paddy. In this connexion it may be noted that prior to 1954-5, the District Co-operative Marketing Federation which had extensive business had a contract with a rice mill for processing paddy. But the contract was not renewed after it expired. However, a proposal for the installation of a processing plant submitted by Society WMS2 was understood to have been approved by the Government. Except in this case, no concerted efforts at developing processing co-operatives were made.

Among the five selected districts, viz., Broach, Dharwar, East Khandesh, Coimbatore and West Godavari in which pilot projects of the Integrated Rural Credit Scheme were in operation, only in West Godavari, no concerted efforts were made at developing co-operative marketing. So far as co-operative credit was concerned, there was a sizeable increase in the loan operations; none of the members, however, sold produce through marketing co-operatives, though they availed of pledge finance. Apart from the inadequacy of trained personnel with the necessary business acumen and the over-emphasis on provision of pledge finance to the virtual neglect of marketing of produce, an important reason for lack of development of marketing co-operatives was the absence of necessary emphasis on development of processing co-operatives. Rice mills which were privately owned were located in places—small towns and big villages—distributed all over the paddy-growing area of the district. All such places also had so-called market yards where the petty village traders came to strike a deal with rice mill owners or commission agents of buyers. The marketing societies, on the other hand, had their offices only in the relatively bigger marketing centres and they failed to use primary credit societies as assembling agents. In fact, the primary credit societies gave pledge finance independently of the marketing societies and hence there was not even a semblance of a link between credit societies and marketing societies. In the absence of co-operative rice mills, the marketing societies were no more than agencies for disbursement of pledge finance and distribution of agricultural requisites.

## 17.8 MARKETING SOCIETIES IN FERROZEPUR

### 17.8.1 Co-operative marketing

The more important commodities grown in the district are wheat and cotton. All but one of the thirteen regulated markets in the district were covered by a marketing society each.

There were, in addition to the District Co-operative Wholesale Stores, seventeen marketing societies in the district; of these, six were co-operative commission shops undertaking mostly distribution of agricultural requisites, six were cotton marketing societies, three cotton ginning and pressing societies and two rice-husking mills. Four marketing societies were given State contribution to share capital, while two received godown loans/subsidies and two secured management subsidy. One co-operative commission shop, one ginning and pressing society and two rice-husking mills were registered during 1956-7.

## 17.8.2 Selected marketing societies

Details relating to the activities of the four selected marketing societies in the district are given in Table 17.15.

TABLE 17.15—SELECTED MARKETING SOCIETIES IN FEROZEPUR—1956-7

(Amount in thousands of rupees)

	MEMBERSHIP		Crop loans advanced during the year	Value of agricultural requisites or goods distributed during the year	Value of produce sold during the year
	Individuals	Societies			
	1	2	3	4	5
FMS1 ..	155	1	—	—	—
FMS2 ..	201	—	—	—	8,94
FMS3 ..	183	58	1,50 <sup>1</sup>	2,09	4,00
FMS4 ..	41	—	14 <sup>1</sup>	55	1,91

(Source: General Supply Schedule No. 1)

<sup>1</sup>Unsecured loans issued to members and non-members.

Societies FMS2 and FMS3 received State contribution to share capital, while Society FMS3 received godown loan/subsidy and management subsidy also. The working capital of Societies FMS1 and FMS2 exceeded Rs 3 lakhs each, while that of the other two societies was less than Rs 1 lakh each. Two societies granted production loans. None of the societies gave pledge loans.

Marketing of produce was undertaken by three societies and supply of agricultural requisites by two of these societies. The two societies which were engaged in supply operations gave production loans. But neither the purpose nor the period of loans was stipulated.

Society FMS1 was organized in 1956 by a few big cultivators and commission agents with a view to setting up a ginning and pressing factory to secure better prices for their produce. The society distributed among its members cotton seed received from the Agriculture Department. The sponsors of the society wanted to restrict the membership of the society but the Co-operation Department insisted on the membership being kept open to all. About 50 per cent of the total number of members were reported to be minors of a few families engaged in trade and commission agency business. They dominated the society. The by-laws of the society provided even for the admission of minors through their guardians. Many Managing Committee members were big land owners; of the fifteen Managing Committee members, six were *arhatiyas*, one was a trader, one was a shopkeeper, one was a doctor and others were cultivators. The society owned a ginning and pressing

plant. During 1956-7 it pressed 660 bales of cotton, of which 656 belonged to the president of the society; four bales were purchased and pressed in order to test the machinery. The distribution of profits of the society was made in proportion to the quantity of cotton pressed by individual members. It is thus obvious that the society hardly worked as a co-operative concern.

On the initiative of the Co-operation Department, Society FMS2 was converted into a marketing-cum-processing society in July 1957. The membership of the society consisted of 201 individuals as in June 1957. On account of party feelings and objection raised by some members to the offer of a contract for the construction of factory building to another society, the president of which was a member of the Managing Committee of this society, 89 members were expelled. The Managing Committee comprised fifteen members, of whom twelve were either traders or trader-cum-cultivators, two were nominees of the Government and one was the secretary of the market committee. The society did not undertake either credit or supply activities during the year. It purchased cotton worth Rs 8.47 lakhs, processed it in another factory, as its own factory was not ready, and sold pressed cotton and cotton seed at a profit of Rs 22,425 in 1956-7. No sale of produce of members was reported. The society borrowed Rs 4.8 lakhs from the central bank of which Rs 3 lakhs represented medium-term loans. The loan was to be repaid in ten half-yearly instalments. The short-term loans were given over and above the medium-term loans and were issued against the security of stock with the society. The society also had a cash-credit arrangement with a commercial bank. The study of the society revealed that a great deal of pressure was exercised by influential persons, and large sums were made available to the society from the central bank in the form of medium-term loans, though the bank itself was short of funds. The management of the society was dominated by landlords and traders.

Society FMS3, organized in 1948, had a membership of 183 individuals and 58 societies. It was reported to be one of the successful commission shops in the district. The marketing activities of the society were mainly of commission agency type, i.e., acting as an intermediary between buyers and sellers. The society charged a commission of Re 1 per Rs 100 worth of produce sold, in addition to weighment and labour charges. During the year, it advanced clean loans amounting to Rs 1.50 lakhs to members and non-members from whom no security was taken. The only justification for this operation was that the *arhatiyas* in the *mandi* did so. According to the new by-laws adopted by the society, it was not allowed to advance clean loans of more than Rs 100 each and in the case of pledge finance, the advance was not to exceed 66 per cent of the market value of produce. The absence of well-developed primary credit societies adversely affected the working of the marketing society and members had to go back to *arhatiyas* and private traders.

Society FMS4, organized in 1956 by seventeen traders and eight cultivators, had a membership of 41 in June 1957. The Managing Committee consisted of five members, four of whom were engaged in trading activities. In contravention of its

by-laws, the society advanced loans to members and non-members for which neither security was taken nor the period was prescribed. The society confined its functions to acting as a commission agent for the sale of members' and non-members' produce. It undertook distribution of fertilizers, sugar and *ghee*.

Details relating to the working of the selected societies given above would indicate that the marketing societies hardly undertook marketing of produce on any significant scale. A few societies which reported marketing of produce acted more or less as commission agents. The marketing co-operatives in Ferozepur were, in most cases, dominated by urban and trading interests, and it was, therefore, not surprising to find that in only one out of the fourteen working primary credit societies studied, members reported sale of produce through co-operatives. Thus, co-operative marketing was practically undeveloped, though distribution of agricultural requisites was undertaken on a sizeable scale. Although some co-operative processing units were set up, these were being used by a small group of individual agriculturists and traders, and did not, therefore, form an integral part of the co-operative marketing structure.

### 17.9 MARKETING SOCIETIES IN ETAWAH

Co-operative marketing structure in Etawah consisted of a District Co-operative Federation, 46 block development unions, 1 District *Ghee* Sale Union and 60 primary *ghee* societies.

The Etawah District Co-operative Federation was organized in 1948. One of the objects of the Federation was to arrange for grading, processing and marketing of agricultural produce of members. However, in the Survey year, the activities of the Federation consisted of acting as an agent of the Pradeshik Co-operative Federation for distribution of fertilizers, agricultural implements, running of brick kilns, etc. The Federation distributed agricultural requisites through the unions to the primary societies. Agricultural implements and fertilizers were supplied by the Federation to the unions on credit basis. Loans held by unions from the Federation on this account were overdue in the case of 30 out of 46 unions. During 1956-7 it operated four brick kilns by leasing them on contract basis to private traders, and distributed coal, fertilizers and cement. An important source of revenue for the Federation was brick kilns and coal distribution. It tried to extend its activities by running an agricultural farm, but this scheme was not very successful.

The primary *ghee* sale societies undertook marketing of *ghee* only during the first two to three years after their registration; later on, the societies confined their activities to advancing loans to the members. These were financed by the Etawah Central Co-operative Bank. The functions of these societies overlapped with those of the credit societies and the unions.

#### 17.9.1 Co-operative Block Development Unions

To each of the Co-operative Block Development Unions were affiliated fifteen to twenty multi-purpose societies. Four Unions EMS1, EMS2, EMS3 and EMS4

were selected for study. The working of Union EMS4 was different from the other three as it was made the operational centre for the implementation of the Mahewa Rural Credit Project (or the Multi-purpose Union Project) and is, therefore, discussed separately.

Membership of the three unions (EMS1, EMS2 and EMS3) was open only to societies, and to individuals from villages in their jurisdiction which were not served by a co-operative society. The activities of the unions consisted mainly of running brick kilns and supplying seeds and other requisites to the members. Two unions, viz., EMS2 and EMS3 were running brick kilns. Union EMS2 had three brick kilns and Union EMS3 had one; these unions had given the kilns on contract to private contractors who were to supply bricks of a particular standard. The contractor who was supplied all the requisites by the union provided labour and management. To finance this business, Union EMS2 paid attractive rate of interest to non-members, which was more than that given to members, for their deposits. However, the contractor owed the union large sums and the kilns were not properly managed.

The unions advanced seed loans to their members and supplied manures, fertilizers, implements and other essential articles such as cloth, sugar, etc., to the members. In Union EMS2, the work relating to seed loans occupied much of the time of the Supervisor, though it was his duty to attend to other important work such as collection of loans advanced by primaries and checking and finalizing the accounts of the union and the primaries affiliated to it. In all the unions, the seed loans were advanced without reference to the members' borrowing limit or the amount already availed of by them from the primary credit societies.

Marketing of members' produce, which was the most important among the various objectives of the unions, was not undertaken by any of the three unions.

The Mahewa Rural Credit Project, to which a detailed reference was made in Chapters 12 to 15, was started in July 1955. It covered 21<sup>1</sup> credit societies though the total number of credit societies affiliated to the block development union was 25. There were also 89 individual members. Although only individual members from villages without societies in the jurisdiction of the union were to be admitted, it was observed that individual members from villages with societies were also enrolled. Moreover, some of the societies affiliated to the union were affiliated to some other unions also.

In addition to running brick kilns and providing seed loans, Union EMS4 undertook marketing of produce in April 1956. As its headquarters was not a marketing centre, the union had to sell produce through *arhatiyas* in a nearby marketing centre at a distance of twelve miles. It appointed a private broker at the centre as its

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<sup>1</sup>Seven credit societies from the Mahewa Rural Credit Project area were studied on the supply-side (*Vide* Chapters 15 and 16).



agent. For purposes of marketing operations, the central bank allowed a cash-credit limit of Rs 50,000 to the union. During 1956-7 the union owned two godowns which were found to be inadequate. The union did not appoint any agent in the villages for collection of produce from the indebted members. Member-societies affiliated to the union gave an undertaking that they would sell the produce of their members through it. This undertaking provided for the imposition of a penalty for selling produce to outsiders directly. Many members, however, were not aware of such a provision.

The union advanced pledge loans to its members from April 1956 onwards. It also made outright purchases of members' produce. The commodities handled by the union included mustard, barley, peas, wheat, gram and *arhar*.

It was noticed from ISS(2), canvassed among the selected members of the selected co-operative societies affiliated to the union, that only a few members reported sale of produce through the union. Details are given in Table 17.16

TABLE 17.16—SALE OF PRODUCE THROUGH UNION EMS 4

		Number of members interviewed	Number of members selling through co-operatives	Proportion of value of produce sold through co-operatives to total value of produce sold to all agencies (Per cent)
E4	..	13	—	—
E12	..	10	—	—
E13	..	10	—	—
E14	..	16	1	2
E15	..	14	1	2
E16	..	10	1	15
E17	..	12	2	26
District	..	85	5	9

(Source: Intensive Supply Schedule No. 2)

Only 9 per cent of the total produce of selected members of selected societies affiliated to the union was sold through it. It was also reported that only 100 out of 1,406 members of the affiliated credit societies sold produce through the union. Further, these members did not agree to the recovery of loans by the union from the sale proceeds. The marketing operations of the union did not expand due to various factors, among which the following need a special mention:

(1) As the marketing centre was twelve miles from the union, members desirous of selling produce had to incur higher carting charges since the produce was first taken to the union and then to the marketing centre. Thus, the location of marketing society (union) was not properly chosen in relation to normal trade channels;

(2) the marketing charges of the union were reported to be higher than those prevalent at the *mandi*, where, however, it was customary to deduct one *tola* extra for each seer (80 *tolas*) sold and to use '*Kachha Kanta*' for weighing. As the cultivators were not aware of these defects, they preferred to sell the produce at the *mandi* centre;

(3) the commodities marketed by the union were graded into two or three categories. But the union's efforts to train its personnel in grading did not succeed till the end of the Survey year. The storage facilities were inadequate and as a consequence, a part of the produce had to be kept in the open;

(4) at the *mandi*, cultivators could negotiate sales on the basis of samples, while in the case of sales through the union, they had to bring the entire produce to be sold. In the *mandi* centre, cash was paid by traders without any delay, while the union was not able to settle accounts immediately; and

(5) there were also complaints about the way in which the produce was sold by the union. Negligence in weighing, and partiality to bigger cultivators who

TABLE 17.17—PARTICULARS REGARDING STOCKS OF GOODS PLEDGED WITH THE UNION

Commodity	Month in which pledged	Quantity (Mds)	Range of market rates at the time of pledging (Rupees per maund)	Value of goods at the time of pledging (Rs)	Market rate on 31 January 1958 (Rupees per maund)	Value of goods as on 31 January 1958 (Rs)	Fall in value of goods (—) during the period (Rs)
	1	2	3	4	5	6	7
Peas	April to July, 1957	1,180	12 to 13	14,753	10.00	11,802	—2,951
Gram	May to June, 1957	26	12	317	10.25	270	—47
Bajra	Nov. to Dec. 1957	110	13	1,430	12.00	1,320	—110
Barley and gram	May to June, 1957	82	12	984	10.00	820	—164
All commodities		1,804		26,366		22,065	—4,301

(Source: General Supply Schedule No. 1)

brought large quantities of produce (which invariably included produce collected by them from small cultivators) was reported. It also appeared that members' interests were not being properly attended to by the union inasmuch as decisions regarding sale were either not properly taken or were not taken in time, to avoid losses to members through a fall in prices. Details regarding this are given in Table 17.17 on page 503.

It would appear that because of incorrect decisions regarding sales, cultivators stood to lose about Rs 4,300 on account of the decline in prices, and if the charges paid by them by way of godown rent and hire charges for the bags were to be taken into account, the loss would be greater. The failure on the part of the union to sell produce at a proper time was largely due to shortage of properly trained personnel with necessary business acumen.

Last but not the least important factor preventing growth of co-operative marketing was inadequacy of loans offered by co-operatives. For example, while the union advanced only 75 per cent of the value of produce as pledge finance, private traders retained only five to ten per cent margin. Further, as was observed earlier, the co-operative credit structure in the area was very weak and the inadequacy of co-operative credit contributed to the continued hold of private traders over the cultivators' marketing operations.

#### 17.10 MARKETING SOCIETIES IN MANDSAUR

Of the eight important marketing centres in the district, three had already been brought under the purview of the Regulated Markets Act. One marketing centre, where a co-operative marketing society functioned, was not a regulated market.

In the district there were four co-operative marketing societies, of which, three were practically dormant and only one, namely, MMS1 undertook marketing of produce. The membership of the marketing society consisted of 98 individual members, 17 unlimited liability type credit societies and 1 large size society. There were three traders on the Managing Committee of the marketing society. The president was reported to be one of the biggest traders in the marketing centre. There was provision for nomination of three members on the Managing Committee by the Co-operation Department but no nominations were made during the Survey year. However, at the instance of the Co-operative Inspector, the manager of the central bank and the Village Level Worker attended the meetings of the Managing Committee by special invitation.

The society was not run on sound lines. For instance, at one General Body meeting, the names of eighteen members were recorded as present to ensure quorum, while in fact only twelve were present. In regard to another meeting, signatures were obtained from members, who had not attended the meeting, two months after the meeting. Apparently, some traders became members of the society mainly

with a view to preventing it from undertaking marketing of produce and to avail of benefits of marketing finance. The society had a paid-up share capital of Rs 17.2 thousand of which Rs 10.2 thousand were held by the State and Rs 5.6 thousand by individuals. The working capital was Rs 65 thousand of which borrowings from the central bank amounted to Rs 41 thousand. It did not receive any godown loan/subsidy or management subsidy.

The society undertook marketing of produce only in January 1957. Outright purchase of members' produce was made by the manager or the president upto the limit authorized by the Managing Committee in this behalf. Outright purchase of non-members' produce was also made. The society also arranged for sale of members' and non-members' produce on commission basis. In such cases, the manager went to the *mandi* centre for arranging the sales. Produce was sold by auction to the highest bidder. Once the bid was accepted, the society arranged for weighment and delivery and paid the cultivator the price received. Though delivery of produce against cash payment was to be insisted upon, the purchasers were allowed to pay the purchase price later and thereby got 'trade credit' for periods beyond reasonable limits.

Four members (who were actually traders) of the marketing society purchased produce from it. The society initially arranged for payment to the cultivators of the value of produce sold by them out of funds received from the central bank as pledge finance. The traders paid the amount to the society after a considerable time-lag. The president also purchased produce of members through the society and was given trade credit by it.

During the year, finance against pledge of produce as distinct from trade credit was also provided to the traders who were members of the Managing Committee. In the absence of any check to ascertain whether the produce brought to the society was grown on the member's own farm, it was reported that many petty traders bought the produce from cultivators and sold it through the marketing society.

It would appear that Society MMS1 was more or less a traders' organization which was used by them as a convenient source for getting financial accommodation for their own business operations. The unsatisfactory working of the society could be largely attributed to domination by traders on the one hand and the inadequate arrangements regarding State participation and supervision on the other.

#### 17.11 MARKETING SOCIETIES IN GAYA

The co-operative marketing structure in the district consisted of six marketing societies, two Co-operative Development and Cane Marketing Unions to which were affiliated 472 primary cane-growers' societies<sup>1</sup>. The district co-operative development plan envisaged the organization of one marketing society for every two NES blocks. Accordingly, three marketing societies were proposed to be organized during 1956-7

<sup>1</sup>For other details see Section 13.9

to cover seven NES blocks, then in existence. Three marketing societies, called *Vyapar Mandals*, were organized during the latter half of 1956-7.

#### 17.11.1 Selected marketing societies, GMS 1 and GMS 2

Two marketing societies, two co-operative development and cane marketing unions and four cane-growers' societies were selected for study.

Society GMS1 was organized in March 1955, and it commenced operations in August 1955 with 22 primary credit societies as its members. Government sanctioned a sum of Rs 20,000 towards contribution to share capital of the society and a sum of Rs 19,000 in the form of loan and subsidy for the construction of a godown, and the amount was placed at the disposal of the central bank.<sup>2</sup> Further, the society was granted a loan of Rs 5,000 at 3 per cent per annum by the State Government for the manufacture of bricks. The other selected society, namely GMS2, was located in an area where there were two NES blocks and according to the programme, one marketing society was to be organized to cover them. Society GMS2 was organized in a marketing centre of one of the two blocks. Subsequently, another society was organized in the other NES block. Efforts aimed at amalgamating the two societies were not successful. The selected society which did not undertake marketing of members' produce acted only as a grocer. It would thus appear that the marketing societies made little progress in the district.

#### 17.11.2 Sugarcane co-operatives

The sugarcane co-operatives consisting of co-operative development and cane marketing unions, hereafter called cane unions, to which were affiliated the primary cane-growers' societies, hereafter called cane societies, were mainly concerned with the supply of sugarcane to privately owned sugar factories. The relationship between the cane unions and their affiliated cane societies on the one hand, and the sugar factories in a given area on the other, was governed by the Bihar Sugar Factories Control Act, 1937. Under this Act, the Cane Commissioner, who was also a Joint Registrar of Co-operative Societies, was empowered to declare a particular area as 'reserved area' or 'assigned area', in relation to a particular privately owned sugar factory. This demarcation was done in consultation with the advisory committee of the area concerned, consisting of the Collector as chairman, representatives of the privately owned sugar factory, two progressive farmers, the Assistant Registrar of Cane Co-operatives and the Cane Inspector who acted as *ex-officio* secretary. Under the Act, the 'reserved area' surrounding the sugar factory was generally so demarcated as to enable the factory to obtain 50 per cent of its normal crush during the crushing season. The 'assigned area', if demarcated, was to lie beyond the 'reserved area'. From the 'assigned area' the factory was expected to lift 30 per cent of its requirements of cane; the rest was a free area. In a 'reserved area',

<sup>2</sup>Four cane-growers' societies were selected; a sample of members of these societies was selected for canvassing a special schedule-cum-questionnaire.

<sup>3</sup>Upto June 1957 the funds were not made available to the society.

the sugarcane co-operatives were assigned a special place in the sense that if two-thirds of the cane-growers of the area joined a sugarcane co-operative, the remaining one-third could be compelled to join it and sell their cane through it. For, under the Act, a factory was bound to take all the cane offered for sale in a 'reserved area', and as the factory was not permitted to purchase cane directly from cultivators or through buying agents, sugarcane co-operatives acquired a secure position in respect of sale of cane to the factory in such an area. Under the rules, estimates of total production in an area and the quantity to be supplied by the sugarcane co-operatives to the factory were to be made in advance every year. This, by itself, provided ground for differences of opinion between the sugarcane co-operatives and the sugar factory, and this issue had a significant bearing even on group factions within the sugarcane co-operatives.

The Act also provided for sale of cane and payment of commission by the factory at the rates fixed by Government. Commission was to be paid to the sugarcane co-operatives, and was to be used for two purposes, namely, for meeting the establishment charges or cost of management of the sugarcane co-operatives and for meeting the expenditure on development activities undertaken by the sugarcane co-operatives.

The procedure for determining the quantity of cane to be sold by each cane-grower-member through the cane union to the factory was also laid down under the Act. A joint survey of the area under cane in all the villages of the 'reserved' and 'assigned' areas was to be undertaken by the representatives of the cane union and the factory. The factory had to enter into a contract with the cane union for buying the quantity of cane stipulated after the joint survey, and quotas to be supplied by cane-growers of each village were to be appropriately determined. The factory was required to distribute coupons to the cane union at the rate of one coupon for a cart-load of sugarcane. These coupons were distributed among the member-societies (primary cane-growers' societies) through the secretaries of the societies for distribution among the member-growers. The members delivered the stipulated quantity of cane directly to the factory according to the number of coupons. The cash payments towards value of cane delivered to the factory were made either to the cane union for distribution among member-societies or paid directly to the cane-growers.

The responsibility for ensuring enforcement of the provisions of the Act, settling disputes on such matters as estimates of production, payment of price, payment of commission etc., arising between a cane union and a factory was that of the Cane Inspector who was under the administrative control of the District Collector and ultimately responsible to the Cane Commissioner.

For purposes of organization, inspection and supervision of the sugarcane co-operatives, a separate administrative unit in the Co-operation Department was set up. The chief of the unit was the Cane Commissioner-cum-Joint Registrar

of Co-operative Societies and he was assisted by Assistant Cane Commissioners, Special Officers, Assistant Registrars, Organizers and Supervisors. The Assistant Registrar of Cane Co-operatives was independent of the Assistant Registrar in charge of other co-operatives. Under the Assistant Registrar of Cane Co-operatives, there were Organizers and Supervisors. Generally, one Organizer with his Supervisors was given the charge of one cane union and its affiliated societies. The arrangements for audit of sugarcane co-operatives were generally the same as those for audit of other co-operatives.

### 17.11.3 Cane Unions

There were three cane unions in 1955-6 but one of these was liquidated in that year and hence there were only two cane unions in 1956-7. Some details regarding the working of sugarcane co-operatives in Gaya district are given in Table 17.18.

TABLE 17.18—CANE UNIONS AND CANE-GROWERS' SOCIETIES IN GAYA

	CANE UNIONS			CANE-GROWERS' SOCIETIES		
	1954-5	1955-6	1956-7	1954-5	1955-6	1956-7
	1	2	3	4	5	6
Number	3	3	2	470	484	472
Membership	466	523	282	12,065	13,732	14,333
Value of goods received ('000 Rs)	6,31	1,836	2,237	5,99	15,00	4,74
Value of goods marketed ('000 Rs)	6,32	1,836	2,237	5,99	15,00	4,74

(Source: Office of the Cane Commissioner)

The credit societies as well as cane-growers' societies, though their jurisdiction overlapped, worked independently of each other in many villages; in some cases, however, members and the secretary were common. Functionally, the credit societies which were affiliated to central banks advanced short-term and medium-term loans. There was overlapping of functions also, which provided scope for common members to obtain fertilizer loans from both credit societies and cane societies. Instances of common membership were noticed in the selected credit Societies G5 and G14. Since the two types of societies worked independently, there was no co-ordination between them. Recently, however, the Department was reported to have taken steps to effect co-ordination by permitting multi-purpose credit societies to affiliate themselves to the cane unions. None of the cane societies, on the other hand, were affiliated to the central banks and, therefore, did not get loans from the co-operative credit structure directly. Of the two cane unions, only one was affiliated to a central bank. But it did not borrow any large sums from the central bank; it owed Rs 8,000 to the factory as against only Rs 200 to the central bank in June 1957. The unions obtained the required funds from the factory.

As in June 1957, membership of Union GMS3 consisted of 110 cane-growers' societies and 73 multi-purpose societies. The value of cane marketed through

it increased from Rs 2.8 lakhs in 1954-5 to Rs 15.8 lakhs in 1956-7. The 'reserved area' of the factory covered by the cane union supplied about 66 per cent of the cane crushed by the factory. The working of the cane union was not, however, satisfactory, because the Managing Committee was influenced by political or group rivalries among the members of the committee. Further, the committee did not strictly adhere to the rules and procedures laid down by the Department. The Departmental officials found themselves in an embarrassing situation due to the defiant attitude of the office-bearers of the union. The management of the factory tried to maintain cordial relations with the union officials. The relationship between the union and the member-societies was adversely affected by group factions and as a result, distribution of coupons was not always done properly.

Cane Union GMS4 was one of four cane unions which operated in the reserved area of a privately owned sugar factory. In contrast to the cane union discussed earlier, the Managing Committee of this union enjoyed the confidence of the General Body and there were no group rivalries. The relationship between the Departmental officials and the union was cordial. The union had several activities on hand, which were properly undertaken in the interests of the member-societies. It undertook development activities, distributed coupons equitably, received the cane price on behalf of the members and distributed the same to the member-growers, advanced loans to growers, arranged exhibitions, organized cane competitions and looked after the interests of the grower-members in other ways. It, however, relied on the sugar factory for the major part of its borrowed funds. Loans in kind advanced during the year 1956-7 amounted to Rs 22,748, which were adjusted against the price of cane paid by the factory. The practice followed was to deduct the loan amount from the cane price to be received by the society as a whole. This created some dissatisfaction, because non-borrowing members had to face difficulties on account of delays in settlement of accounts. The dependence of the cane union on the factory for financial accommodation could thus be said to have increased the influence of the factory over the cane-growers, instead of increasing the bargaining power of co-operatives *vis-a-vis* the privately owned factory. Loans advanced from out of funds received from the factory were considered very inadequate as compared to the requirements. To a large extent, the weakness of the co-operative credit structure discussed in detail in Chapters 15 and 16 had adversely affected the working of sugarcane co-operatives, though the sugarcane co-operatives enjoyed special rights under the Bihar Sugar Factories Control Act, 1937.

One of the basic organizational weaknesses of the working of cane co-operatives was the method of distribution of coupons. The rules and procedures regarding distribution of coupons were sometimes vague and subject to varying interpretations. The vagueness in the rules, discretionary powers given to the cane union officials, absence of proper built-in checks in the procedural arrangements created grounds for party factions, even within the cane union, which ultimately worked against the interests of the cane union and sometimes in favour of the privately owned factory.

The coupons were expected to be distributed on the basis of a joint survey made by the representatives of the cane union and the factory. The estimates were not



always made on the basis of field-to-field survey. The coupons were allotted on the basis of questionable estimates made after casual conversations with a few cane-growers of a village, by the group writer (an employee of the union) and a representative of the factory. In exceptional cases, the estimates could be made to suit the prejudices either of officials of the union or the factory who were interested in underestimating the crop in the 'reserved area' so that it could obtain more cane from the free area. Estimates generally tended to be low and a large number of cane-growers were obliged to convert sugarcane into *gur*. In the absence of a properly planned joint survey, there was considerable scope for discriminatory treatment in the distribution of coupons.

The relationship between the cane union and the privately owned factory was not always cordial, as frequently there arose a difference of opinion on the quantity of cane to be supplied to the factory. In some cases, the quantity of cane to be sold to the factory by each grower was determined on the basis of three years' average supply and not after a survey undertaken jointly by the cane union and the factory. There were also cases in which the growers brought more than the stipulated twenty maunds in a cart, which the factory refused to accept, as it had by then obtained its requirements from the 'free area'. The factory, in order to avoid taking large quantity of cane from the 'reserved area', closed its doors. Thus, the growers, who were scheduled to supply cane during the fag end of the season, were adversely affected. Another factor which was responsible for disagreement between cane unions and sugar factories was the manner in which the factory fixed the percentage of "diriage allowance". But the most serious complaint of the cane-growers against the sugar factories was about the delay in payment of cane price and a commission which caused a good deal of hardship to the growers.

Thus in spite of legal protection, the performance of sugarcane co-operatives was far from satisfactory because of unsatisfactory procedural arrangements and weakness of the co-operative credit structure.

#### 17.12 MARKETING SOCIETIES IN NADIA

In the absence of legislation for regulation of markets in the State, there were no regulated markets in the district. The important crops in the district are paddy and jute. The producers generally sold their produce to private traders or their agents who visited the villages during the harvesting season. The practice was for the traders to go to villages when the crops were in an advanced stage and enter into contracts with the cultivators for buying crops after harvest. Initially, the trader gave loans to cultivators against the anticipated crop (locally called *Dadan*) and after the harvest, the produce was sold to the trader, who recovered the loan from the value of produce. The cultivator was thus obliged to sell the produce to the trader on terms favourable to the trader. There were five important jute marketing centres in the district and in four centres trade in paddy was also undertaken.

Although the district was a paddy-growing area, there were no rice mills in the district. Paddy required for consumption in rural areas was mainly hand

provided. Except for a privately owned jute pressing factory at Majdia, there was no other processing unit in the district.

Co-operative marketing was not developed in the district. Under the co-operative development plan for the district, only one marketing society was organized during 1956-7 and this was selected for study.

The headquarters of the selected society (NMSI) was at a distance of about twelve miles from the *thana* headquarters which was an important marketing centre. The society, though registered in 1954 as a multi-purpose society and converted into a marketing society in 1957, was in existence since 1931 as an unregistered organization of agriculturists. The Agriculture Department selected this society for being converted into a marketing society. The Managing Committee was, however, reluctant to give up credit activities and hence undertook credit activities in addition to marketing activities. The area of operation of the new society extended to the whole of the *thana* consisting of 154 villages. During 1956-7, membership of the society consisted of 299 members which included some minors. The members of the society were drawn largely from the headquarters village. Further, some traders were also members of the society. The management of the society was in the hands of a Managing Committee nominated by the Government. In the absence of any interest shown by other members, the Managing Committee appeared to be dominated by a few traders. The society purchased agricultural produce of both members and non-members and sold the produce at a profit. The value of produce marketed by the society increased from Rs 6,905 in 1954-5 to Rs 37,182 in 1955-6 and to Rs 68,205 in 1956-7. Transactions relating to jute predominated. The marketing activities of the society were thus extremely limited.

Thus, in effect, the society was an organization of a few enterprising individuals who aimed at securing certain personal benefits. In this connexion, it may be noted that the society was under the dual control of Agriculture Department and Co-operation Department, and in the absence of proper planning, organization and supervision, it did not work satisfactorily.

### 17.13 GENERAL OBSERVATIONS

Among the factors conducive to a rapid development of marketing co-operatives, mention needs to be made of the regulation of markets, availability of good communication facilities and of co-operative processing plants. In West Godavari, marketing co-operatives made no efforts at developing processing activities, and, therefore, made little progress in marketing. The selected marketing societies in Coimbatore were also not making any remarkable progress. In Ferozepur, where conditions favourable for development of marketing were present in the form of good communication facilities and regulated markets, weak primary credit societies and trader-dominated marketing co-operatives impeded the progress; and as such, marketing co-operatives were little more than mere assembling agencies. The situation in Mandsaur and Etawah was not much different. In Gaya, though co-operative marketing of sugarcane had made some progress under the legal

protection afforded to the cane-growers in the form of an assured market at a price fixed by the Government, the working of cane co-operatives revealed that there was considerable scope for improvement. Marketing co-operatives in Nadia had not succeeded to any extent owing to the peculiar nature of the jute trade and the absence of processing facilities.

. Development of co-operative marketing in Dharwar, Broach and East Khandesh was significant. Co-operative marketing in Dharwar was, however, adversely affected by the prevailing system of trade credit, the practice of mixing of cotton and the inability of co-operatives to take up processing activities. In East Khandesh also, the problem of trade credit was prevalent.

It was only in Broach that the marketing co-operatives were well developed and were slowly replacing the private trading agencies. This was rendered possible by the efficient management of marketing co-operatives, co-operative processing of produce before sale, and liberalized scales of finance, which enabled the cultivators to secure larger loans from the co-operative credit societies. Further, the cotton seed multiplication scheme in operation provided a built-in mechanism for ensuring that pledge finance was availed of only by the growers.

Thus, except in Broach, East Khandesh and Dharwar where the pilot project of the Integrated Rural Credit Scheme was implemented in the entire district, co-operative marketing had made little progress. The only other exception was Gaya where sugarcane was sold through co-operatives to privately owned mills under the Bihar Sugar Factories Control Act, 1937.

Further, processing co-operatives were conspicuous by their absence except in Broach where co-operatives sold the produce after processing. Compared to the progress made in the sphere of co-operative credit, the achievement in regard to co-operative marketing and processing appeared to be far below expectations. Among the various factors responsible for this unsatisfactory state of affairs, the following need particular mention:

1. Domination by vested interests, sometimes amounting to opposition to and attempts at preventing development of co-operatives, was found to a greater extent in the case of marketing societies than in the case of credit societies.

2. In the absence of clear cut directives, detailed rules and procedures regarding marketing and a consistent long range policy about the inter-relationship between the various types of co-operatives, even some of the marketing societies which were relatively free from domination by vested interests appeared to be making only partial efforts at co-operative marketing.

3. Shortage of trained personnel with the necessary business acumen ordinarily resulted in the employment of persons who were not competent to hold the posts of managers and secretaries of the marketing societies. This was an important factor preventing a more rapid growth of co-operative marketing.

## CHAPTER 18

### LAND MORTGAGE BANKS

Among the various recommendations of the Conference on Marketing and Co-operation held at Hyderabad and Jaipur, referred to in Chapter 12, the following recommendations regarding the structure and working of land mortgage banks need mention.

(1) "As suggested by the Rural Credit Survey Committee, a unit for central land mortgage banking at the apex level should be set up in each State and the State should subscribe a substantial part of its share capital. In view of the likelihood that the available supply of managerial and administrative personnel.....as also the volume of business which such institutions can command, might be inadequate at this stage, direction and management should initially be common to the farthest extent possible between the state co-operative bank and central land mortgage bank, care being taken, however, to ensure that they are legally and financially separate entities."

(2) "Primary land mortgage banks as distinct from the short and medium-term structure, should be established for areas which would form compact units and give adequate volume of business in due course. Transitional arrangements may, however, be made in States, wherever necessary, for operating long-term credit through branches of the Central Land Mortgage Bank or the agency of the District Central Co-operative Banks or otherwise."

(3) "That in the distribution of loans by the land mortgage banks it should be seen that—

- (a) the operations of land mortgage banks are oriented towards production, and
- (b) that a machinery is evolved for achieving co-ordination of credit with planned agricultural development, assessment of technical soundness of projects and verification of the use of credit."

#### 18.1 LAND MORTGAGE BANKS IN THE SELECTED DISTRICTS

Of the eleven selected districts, in only five, *viz.*, Broach, East Khandesh, Dharwar, Coimbatore and West Godavari, primary land mortgage banks were operating during the Survey year. Some relevant details about the targets and achievements of land mortgage banks in the selected districts are given in Table 18.1.

#### 18.2 JURISDICTION AND MEMBERSHIP

The area of operation of the primary land mortgage banks varied from a few *firkas* of a taluk in Coimbatore to the entire district in Broach. Generally, most of these banks served two to three taluks.

TABLE 18.1—PRIMARY LAND MORTGAGE BANKS

(Amount in lakhs of rupees)

	AS AT THE END OF JUNE 1957			TARGETS UNDER THE SECOND FIVE YEAR PLAN : UPTO 1960-1			
	Number of primary land mortgage banks	Amounts advanced by the banks during 1956-7	Amounts held by members from these banks	Number of land mortgage banks	Amounts to be advanced by these banks	State contribution to share capital of these banks	Management subsidy
	1	2	3	4	5	6	7
Broach	1	2.1	9.9	1	25	..	— <sup>1</sup>
East Khandesh	2	1.7	11.9	2	26	..	— <sup>1</sup>
Dharwar	4	0.5	3.6	2 <sup>2</sup>	30	2.5	— <sup>1</sup>
Coimbatore	10	16.5	107.8	..	..	..	..
West Godavari	6	11.1	60.4	..	..	..	..
Ferozepur	—	—	—	..	..	..	..
Etawah	—	—	—	..	..	..	..
Mandsaur	—	—	—	..	..	..	..
Gaya	—	—	—	..	..	..	..
Nadia	—	—	—	..	..	..	..
Bikaner	—	—	—	..	..	..	..

(Source : Columns 1, 2 and 3—General Supply Schedule No. 3 and Columns 4 to 7—Office of the Assistant Registrar of Co-operative Societies).

<sup>1</sup>Only grant of free services of a Land Valuation Officer.

<sup>2</sup>Through merger of existing primary land mortgage banks.

Membership (including nominal members) of the banks as in June 1957 ranged from 230 in DLM1 from Dharwar to 1,848 in KLM 1 from East Khandesh (Appendix Table 18.1). The number of borrowing members during 1956-7 varied from 745 in East Khandesh to 4,323 in Coimbatore (Table 18.2).

TABLE 18.2—MEMBERSHIP OF THE SELECTED LAND MORTGAGE BANKS

	BORROWING MEMBERS			NON-BORROWING MEMBERS			NOMINAL MEMBERS		
	1954-5	1955-6	1956-7	1954-5	1955-6	1956-7	1954-5	1955-6	1956-7
	1	2	3	4	5	6	7	8	9
Broach	676	758	855	7	11	11	416	332	424
East Khandesh	700	735	745	76	76	75	2,109	2,281	2,486
Dharwar	807	891	906	186	185	186	1,440	1,521	1,568
Coimbatore	3,834	4,170	4,323	2,387	2,379	2,568	—	—	—
West Godavari	2,747	3,076	3,380	1,696	1,702	1,734	—	—	—

(Source : General Supply Schedule No. 3)

### 18.3 FINANCIAL POSITION

The working capital of the primary land mortgage banks, as in June 1957, exceeded Rs 20 lakhs in only two banks, one each from Coimbatore and West Godavari. It ranged between Rs 10 lakhs and Rs 17 lakhs in respect of eight banks (five from Coimbatore, two from West Godavari and one from Broach) and between Rs 5 lakhs and Rs 10 lakhs in eight other banks (four from Coimbatore and two each from West Godavari and East Khandesh). Of the remaining five banks, in four banks (three from Dharwar and one from West Godavari) working capital ranged between Rs 1 lakh and Rs 5 lakhs and in one bank from Dharwar, it was less than Rs 1 lakh.

Owened funds constituted generally about 10 per cent of the working capital. In Dharwar, however, the proportion was about 17 per cent in respect of one bank and about 30 per cent in the other three banks. Owened funds were mostly made up of the paid-up share capital subscribed by members which formed 80 per cent or more of the owened funds in five banks, between 70 and 80 per cent in nine banks, between 60 and 70 per cent in seven banks and between 50 and 60 per cent in the remaining two banks.

Borrowed funds which constituted a significantly large proportion of the working capital represented mainly borrowings from central co-operative land mortgage banks. Borrowings from central co-operative land mortgage banks accounted for 90 per cent or more of the working capital in eleven banks and between 80 and 90 per cent in nine others. Only in seven banks, loans and deposits from either banks, societies or individuals were reported. The amounts involved, however, formed an insignificant proportion to the total working capital, varying between 0.2 per cent and 1.7 per cent.

### 18.4 LOAN OPERATIONS

#### 18.4.1 Volume of loans

Amounts advanced by land mortgage banks during 1956-7 in the district as a whole ranged from Rs 0.5 lakh in Dharwar to Rs 16.5 lakhs in Coimbatore (Table 18.3).

The number of loans disbursed during 1956-7 was 68 in Broach, 114 in East Khandesh, 18 in Dharwar, 482 in Coimbatore and 567 in West Godavari. The number of loans made by individual banks varied from three in DLM2 from Dharwar to 143 in WLM1 from West Godavari. The number of loans disbursed exceeded 100 in four banks, was between 90 and 100 in two banks, between 50 and 70 in four banks and less than 10 in four others.

Total amount of loans held by members from the primary land mortgage banks per 100 rural cultivating families in the district was more than Rs 4,000 in Coimbatore and West Godavari, Rs 1,375 in Broach, Rs 922 in East Khandesh

and Rs 260 in Dharwar (Table 18.3). These figures could be taken as a rough index of the extent of the development of land mortgage banking.

TABLE 18.3—ADVANCES AND OUTSTANDINGS OF LAND MORTGAGE BANKS

	Number of rural cultivating families in the district	ADVANCES DURING 1956-7				OUTSTANDINGS AT THE END OF JUNE 1957			
		Number of loans	Amount (thousands of rupees)	Col. 2 as percentage of col. 1	Loans per 100 rural cultivating families (Rs)	Number of loans	Amount (thousands of rupees)	Col. 6 as percentage of col. 1	Outstandings per 100 rural cultivating families (Rs)
	1	2	3	4	5	6	7	8	9
Broach	72,291	68	2,11	0.1	292	382	9,94	0.5	1,375
East Khandesh	1,29,347	114	1,77	0.1	137	818	11,93	0.6	922
Dharwar	1,38,869	18	47	0.0 <sup>1</sup>	34	249 <sup>1</sup>	3,61	0.2 <sup>1</sup>	260
Coimbatore	2,43,116	482	16,55	0.2	681	4,709	1,07,77	1.9	4,433
West Godavari	1,45,656	567	11,14	0.4	765	3,547	60,41	2.4	4,147

(Source : General Supply Schedule No. 3)

<sup>1</sup>Number of loans in the case of one bank was not available.

Over the period 1954-5 to 1956-7, there was generally a rise in the advances made by the land mortgage banks, which is shown in Table 18.4.

TABLE 18.4—LEVEL OF ADVANCES

(Amount in thousands of rupees)

	AMOUNTS OUTSTANDING AT THE END OF		
	1954-5	1955-6	1956-7
Broach	7,72	8,19	9,94
East Khandesh	10,20	11,34	11,93
Dharwar	3,45	3,64	3,61
Coimbatore	92,51	98,56	1,07,77
West Godavari	48,60	54,17	60,41

(Source: General Supply Schedule No. 3)

Some details about the land mortgage banks whose advances during 1956-7 exceeded Rs 1.50 lakhs are given in Table 18.5. The banks are arranged in the ascending order of the level of advances.

TABLE 18.5—SIZE OF ADVANCES

(Amount in lakhs of rupees)

		ADVANCES DURING 1956-7		AS ON 30, JUNE 1957		
		Number of loans	Amount	LOANS OUTSTANDING		Working capital
				Number of loans	Amount	
		1	2	3	4	5
CLM8	Coimbatore ..	91	3.83	772	21.88	23.75
WLM1	West Godavari ..	143	3.03	1,213	19.05	21.31
WLM5	West Godavari ..	121	2.48	684	13.51	14.29
WLM6	West Godavari ..	135	2.48	653	10.04	10.93
BLM1	Broach ..	68	2.11	382	9.94	10.24
CLM1	Coimbatore ..	71	2.03	766	15.75	17.00
CLM10	Coimbatore ..	60	1.93	631	12.01	12.96
WLM3	West Godavari ..	103	1.90	419	7.81	8.69
CLM6	Coimbatore ..	53	1.61	352	7.13	7.53
CLM5	Coimbatore ..	35	1.52	326	9.67	10.69

(Source: General Supply Schedule No. 3)

The total number of outstanding loans held from land mortgage banks was less than 500 in Broach and Dharwar, 818 in East Khandesh, 3,547 in West Godavari and 4,709 in Coimbatore (Appendix Table 18.1). It ranged from 59 in the case of DLM4 from Dharwar to 1,213 in the case of WLM1 from West Godavari. The low volume of loan operations is an important point to be taken into account while considering such issues as the size of a land mortgage bank and the number of land mortgage banks to be merged. For instance, the co-operative development plan in Dharwar provided for the merger of two banks as shown in Table 18.1. No action, however, was taken in this regard upto June 1957.

#### 18.4.2 Quantum of loan

Details of loans advanced in 1956-7 were also collected in respect of all the selected banks. The following discussion is based on these data. Loans of amounts ranging from Rs 1,000 to Rs 5,000 were common in all the districts, as may be seen from Table 18.6.

Whereas in East Khandesh and Dharwar, the quantum of loan did not exceed Rs 5,000, in Broach, Coimbatore and West Godavari, loans exceeding Rs 5,000 accounted for 28 per cent, 50 per cent and 23 per cent of the total amounts advanced, respectively.



TABLE 18.6—LAND MORTGAGE BANKS: LOANS CLASSIFIED ACCORDING TO SIZE—1956-7

	NUMBER OF LOANS ADVANCED IN THE RANGE SPECIFIED AS PERCENTAGE OF TOTAL NUMBER OF LOANS ADVANCED				AMOUNT ADVANCED IN THE RANGE SPECIFIED AS PERCENTAGE OF TOTAL AMOUNT ADVANCED			
	Less than Rs 1,000	Rs 1,000 to Rs 3,000	Rs 3,000 to Rs 5,000	Rs 5,000 and above	Less than Rs 1,000	Rs 1,000 to Rs 3,000	Rs 3,000 to Rs 5,000	Rs 5,000 and above
	1	2	3	4	5	6	7	8
Broach ..	4	46	37	13	1	26	45	28
East Khandesh ..	23	69	8	—	11	71	18	—
Dharwar ..	11	44	44	—	3	36	61	—
Coimbatore ..	9	47	22	22	2	24	24	50
West Godavari ..	27	51	14	8	9	42	26	23

(Source: General Supply Schedule No. 3)

## 18.4.3 Duration of loans

Almost all the loans were advanced for a duration of ten years or more in all the districts (Table 18.7).

TABLE 18.7—LOANS ADVANCED CLASSIFIED ACCORDING TO DURATION—1956-7

	PROPORTION OF LOANS ADVANCED FOR THIS DURATION TO TOTAL NUMBER OF LOANS ADVANCED (Per cent)				PROPORTION OF AMOUNT ADVANCED FOR THIS DURATION TO TOTAL AMOUNT ADVANCED (Per cent)			
	Less than 10 years	10-15 years	15-20 years	20 years or more	Less than 10 years	10-15 years	15-20 years	20 years or more
	1	2	3	4	5	6	7	8
Broach ..	1	46	53	—	3	43	54	—
East Khandesh ..	—	9	91	—	—	9	91	—
Dharwar ..	—	83	17	—	—	84	16	—
Coimbatore ..	—	—	55	45	—	—	56	44
West Godavari ..	—	3	97	—	—	4	96	—

(Source: General Supply Schedule No. 3)

## 18.4.4 Purpose of loans

A purpose-wise classification of loans (*vide* Table 18.8) indicated that repayment of old debts accounted for 61 and 66 per cent of the loans advanced in East Khandesh and Coimbatore, respectively. In Coimbatore, about one-fifth of the total amount advanced was for land improvement. Loans for purchase of land were given on a sizeable scale only in Dharwar (28 per cent) and Broach (25 per cent).

TABLE 18.8—LOANS CLASSIFIED ACCORDING TO PURPOSE—1956-7

	PROPORTION OF LOANS FOR THE PURPOSE TO TOTAL NUMBER OF LOANS (Per cent)					PROPORTION OF AMOUNT ADVANCED FOR THE PURPOSE TO TOTAL ADVANCES (Per cent)				
	Re-pay-ment of old debts	Im-prove-ment of land	Pur-chase of land	Pur-chase of im-ple-ments	Com-po-site pur-poses	Re-pay-ment of old debts	Im-prove-ment of land	Pur-chase of land	Pur-chase of imple-ments	Com-po-site pur-poses
	1	2	3	4	5	6	7	8	9	10
Broach ..	57	9	25	7	2	53	7	25	13	2
East Khandesh ..	58	10	19	3	10	61	7	19	2	11
Dharwar ..	44	28	22	—	6	39	27	28	—	6
Coimbatore ..	64	32 <sup>1</sup>	—	3	1	66	28 <sup>1</sup>	—	3	3
West Godavari ..	5	82 <sup>2</sup>	—	—	13	4	81 <sup>2</sup>	—	—	15

(Source: General Supply Schedule No. 3)

<sup>1</sup>8 per cent each of the number of loans and amount was advanced for indirect land improvements, i.e., discharge of prior debts incurred to effect land improvements.

<sup>2</sup>23 per cent of the number of loans and 20 per cent of the amount was advanced for indirect land improvements, i.e., discharge of prior debts incurred to effect land improvements.

The policy of according priority for "production purposes", as recommended in the All-India Rural Credit Survey Report, 1951-2, was introduced in West Godavari, and applications for loans for amounts above Rs 5,000 for purposes other than agricultural development were not entertained. Because of this policy, more than 61 per cent of the total amount advanced was for agricultural development. This policy did not seem to have been put into operation to the same extent in other districts although land improvement loans were sanctioned to an increasing extent.

### 18.5 INTEREST RATES

Interest was charged at  $6\frac{1}{2}$  per cent per annum (by maintaining a margin of 1 per cent over the borrowing rate) by the land mortgage banks in Coimbatore and West Godavari. In Broach and East Khandesh, different rates of interest were charged for loans for different purposes. The Government of Bombay sanctioned subsidy to the land mortgage banks as under :

- (1) A subsidy equal to the difference between the bank's lending rate of  $7\frac{1}{2}$  per cent and the Government's lending rate of  $5\frac{1}{2}$  per cent for loans taken for land improvement purposes such as construction of bunds, irrigation channels, purchase of agricultural machinery like tractors, oil engines, etc., and
- (2) A subsidy equal to the difference between the bank's lending rate of  $7\frac{1}{2}$  per cent and the Government's lending rate of  $4\frac{1}{2}$  per cent for loans for construction of and repairs to wells.

Thus, a borrower from a land mortgage bank in Broach and East Khandesh was charged  $5\frac{1}{2}$  per cent interest on land improvement loans,  $4\frac{1}{2}$  per cent on loans for construction of and repairs to wells and  $7\frac{1}{4}$  per cent in respect of all other loans excluding those relating to the awards under the Bombay Agricultural Debtors Relief Act, 1939, in respect of which interest was charged at  $7\frac{13}{16}$  per cent.

## 18.6 LOAN PROCEDURE

### 18.6.1 Procedure

The loan procedure adopted by the selected banks generally involved movement of the loan application through various agencies. A member intending to borrow was required to submit his application in a prescribed form giving detailed information about the area of land owned by him, the purpose for which loan was required, his financial position, etc. The application, after a preliminary enquiry by the bank, was forwarded to the Land Valuation Officer, who inspected the land offered as security and estimated its value on the basis of the procedure laid down in different States. In Broach, the Land Valuation Officer undertook detailed verification of the title to land with the Government records and compiled sales statistics for the twelve years 1934-45 and worked out the average value per acre and also assessed its rental value. In East Khandesh, lands were valued on the basis of prices current in 1928, 1929, 1935, 1936, 1941 and 1942 or those current for twelve continuous years between 1934-45. In Dharwar, sale transactions in the neighbourhood, proximity to the village, availability of irrigation facilities, fertility of the soil, level of the land, vulnerability to floods, crop diseases, improvements required, etc., were the main considerations taken into account in fixing land values. In West Godavari and Coimbatore, average value per acre for the pre-war (1936-40) and post-war (1946-50) periods were arrived at on the basis of the recorded statistics of sales in the neighbourhood ; the mean of the two averages was derived ; the most relevant sale transaction entered into before the War was selected and 40 per cent of it was added to it; this figure was compared with the mean of the pre-war and post-war averages per acre and the lower of the two was adopted for the valuation of the land.

The loan application received from the Land Valuation Officer was forwarded to the Legal Adviser for his opinion. After considering the reports of these two officers, the Board of Directors of the bank sanctioned the loan and forwarded the case to the central land mortgage bank. In Broach and East Khandesh, applications for loans upto Rs 4,000 were forwarded directly to the central land mortgage bank. Applications for amounts between Rs 4,000 and Rs 5,000 were to be forwarded through the Chief Auditor, Co-operation Department, and for amounts over Rs 5,000 through the Assistant Registrar of Co-operative Societies. Finally, the central land mortgage bank sanctioned the loan and informed the primary bank accordingly. The primary bank then obtained the loan bond and arranged for execution of the mortgage deed.

In Dharwar, the maximum amount allowed to a member was 50 per cent of the value of land mortgaged but generally not exceeding Rs 15,000. In West Godavari, average amount advanced was between 30 per cent and 50 per cent of the value of land; the amount, however, was not to exceed Rs 15,000 in deltaic areas and Rs 10,000 in other areas. In Coimbatore, it was 40 to 50 per cent of the value of land with a maximum limit of Rs 15,000. The Bombay Central Land Mortgage Bank had issued (as will be seen in Section 18.8.1) a directive to the primary banks that loans should not exceed 120 times the assessment.

#### 18.6.2 Time lag between date of application and date of sanction

Generally, loans were sanctioned by the land mortgage banks after a time lag of more than three months from the date of application. In West Godavari, 23 per cent of the total number of loans were reported to have been sanctioned within three months from the date of application (Table 18.9).

TABLE 18.9—CLASSIFICATION OF LOANS ACCORDING TO PERIOD REQUIRED FOR SANCTION—1956-7

	PROPORTION OF APPLICATIONS SANCTIONED WITHIN THE PERIOD TO TOTAL NUMBER OF APPLI- CATIONS (Per cent)				PROPORTION OF AMOUNTS SANCTIONED WITHIN THE PERIOD TO TOTAL AMOUNT SANCTIONED (Per cent)			
	Within three months	Bet- ween three and six months	Bet- ween six and twelve months	One year and above	Within three months	Bet- ween three and six months	Bet- ween six and twelve months	One year and above
	1	2	3	4	5	6	7	8
Broach	10	37	43	10	11	24	50	15
East Khandesh	12	55	27	6	9	56	26	9
Dharwar	—	28	39	33	—	26	40	34
Coimbatore	17	32	36	15	18	32	34	16
West Godavari	23	38	34	5	28	38	29	5

(Source: General Supply Schedule No. 3)

About one-third of the total number of loans in Coimbatore and two-fifths in Broach and West Godavari were sanctioned after a time lag of three to six months. About two-fifths of the total number of loans in Broach, Dharwar and Coimbatore and three-tenths of the total number of loans in West Godavari were sanctioned after a time lag of six to twelve months. In Dharwar, about one-third of the total number of loans were sanctioned after a time lag of a year or more.

#### 18.7 RECOVERY OF LOANS

Frequency distribution of selected land mortgage banks according to the proportion of overdues to demand during 1956-7 is given on page 522.

Range		Number of land mortgage banks
Nil	...	13
Less than 30 per cent	...	2
30 to 40 per cent	...	4
40 to 50 per cent	...	1
50 per cent and above	...	3
Total	...	23

Seven banks from Coimbatore and six from West Godavari did not report any overdues as on 30 June 1957. On the other hand, three land mortgage banks, viz., DLM4 from Dharwar, CLM9 from Coimbatore and KLM1 from East Khandesh, reported that overdues constituted more than 50 per cent of the demand during the year. The proportion of overdues to demand was less than 30 per cent in the case of CLM3 and CLM5 from Coimbatore, between 30 per cent and 40 per cent in DLM2 and DLM3 from Dharwar, BLM1 from Broach and KLM2 from East Khandesh and 46 per cent in DLM1 from Dharwar.

#### 18.8 LAND REFORM LEGISLATION AND LAND MORTGAGE BANKS

Effects of restrictions on transfer and mortgage of land on the credit structure in general and land mortgage banks in particular were studied by various expert committees. The Agricultural Finance Sub-Committee appointed by the Government of India recommended a careful study of these problems.<sup>1</sup> The Report of the All-India Rural Credit Survey Committee, 1951-2, stated that such conflicts were inherent in the nature of developments and recommended that consideration be given to this aspect while solving the many-sided problems of rural credit. It recommended in particular that 'selective mortgages—e.g. to co-operative societies and to Government—could be made permissible'.<sup>2</sup> The problem came up for detailed consideration at the Hyderabad and Jaipur Conference on Marketing and Co-operation which made several recommendations in this regard. The more important of these recommendations are given below :

- (1) "The Conference took note of the restrictions on sale, transfer and mortgage of land obtaining in the various States as a result of recent land tenure and tenancy legislation and of measures taken for the protection of the interests of backward tribes or for the avoidance of the fragmentation of holdings or under circumstances associated with the *Bhoodan*, and considered that such non-alienability or restricted alienability of the rights in land tended to affect adversely the growth of co-operative land mortgage banking in the country. At the same time, it was clear that the increased needs of the newly created classes of landholders, in the context of a programme of agricultural development, no less than the shrinkage of the supply of private credit

<sup>1</sup>Report of the Agricultural Finance Sub-Committee (1944), p. 69-70.

<sup>2</sup>All-India Rural Credit Survey, 1951-2, Vol. II, General Report, p. 436.

resulting from such legislation itself, called for a rapid expansion of institutional credit for agricultural purposes. In view of this, the existing and proposed legislative measures in this field should be reviewed with a view to eliminating, wherever this was possible, without affecting the essential features of the land reform policies, such legal provisions as were likely to hinder the working of land mortgage banks."

- (2) "Steps should be taken to protect adequately the interests of the co-operative institutions, in general, and land mortgage banks, in particular, in so far as such interests have already been affected by the recent land reform legislation, and they should be fully compensated for by the State Governments for any losses resulting from such legislation in respect of business done."
- (3) "Except to the extent that this is made unavoidable by essential features of policies, freedom for the mortgage and transfer of land should be provided so that the position of land as security for medium and long-term production credit advanced by land mortgage banks and other co-operative credit societies is not adversely affected, and that, in particular, the right to sub-let land, even where such rights are not available to private landholders, should not be denied to co-operative institutions which come into possession of lands as a result of the default of their borrowers."

The Second Five Year Plan also recommended necessary legislation on the following lines<sup>1</sup> :—

"As regards future operations, three aspects may be mentioned. In the first place, it may be assumed that, save for exceptional reasons connected with programmes of agricultural production, co-operative institutions will advance loans only with reference to areas held under personal cultivation. Secondly, to facilitate the grant of medium-term and long-term loans to tenants who are brought into direct relationship with the State as a result of land reform, *rights of transfer in favour of co-operative financing institutions should be allowed*. In the third place, in respect of lands which come into the possession of co-operative financing institutions in the course of their operations, restrictions relating to ceilings on agricultural holdings or to cultivation through tenants or lessees need not be applied. Co-operatives should be free to sell the land to any one at such price as may be obtainable, subject only to the conditions that the transferee uses the land for personal cultivation and that as a result of the purchase or transfer, the land held by him does not exceed the ceiling prescribed by law."

The extent to which these problems have been tackled by the State Governments (See also appendix 7) may be illustrated by the developments in Bombay and Uttar Pradesh.

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<sup>1</sup>The Second Five-Year Plan, chapter x, para 29; Italics ours.

### 18.8.1 Bombay

The Bombay Tenancy and Agricultural Lands Act, 1948, as amended in 1955, provided for a "Tillers' Day" on which all the lands cultivated by the tenants were deemed to have been purchased by them free of encumbrances. These tenants, i.e., those who were deemed as purchasers on the Tillers' Day, were not, however, to enjoy transferable rights until and unless they paid the entire purchase price. As a result, the land mortgage banks had to face two important problems. First was with regard to the land against which the bank had given loans to the non-cultivating landowner and which were subsequently transferred to tenants on the Tillers' Day. Secondly, the problem was with regard to the financing of tenants who were deemed to have purchased but who had not paid the full purchase price of land and did not consequently enjoy full transferable rights in it. The Act also provided for ceiling on future acquisition of land, and transfers of land were subject to several restrictions. Thus, in effect, the Act provided for several restrictions on the transferability of land.

These steps, it was contended by the land mortgage banks, would lead to depreciation of land values. These banks were of the view that outstanding loans would not be fully covered as the value of the mortgaged land would be depreciated. Further, the situation so far as ownership of land was concerned would be fluid for some time. Since the tenants could not mortgage or lease or assign lands without the permission of the Collector, they would not be able to offer them as security. The Bombay State Co-operative Land Mortgage Bank, therefore, made representations to the Government of Bombay. In response to these representations, the Government of Bombay agreed to give guarantee to the extent of 2 per cent of the amount of loans granted or the actual losses suffered as a result only of land values going down, whichever was less. The relevant extracts from the Government resolution No. LMB. 1255-D, Development Department, dated 3 April 1956 are reproduced below :—

**"Resolution :** The Bombay Provincial Co-operative Land Mortgage Bank, Ltd., approached Government requesting to guarantee the losses as a result of the operation of the Bombay Tenancy and Agricultural Lands Act, 1948, in respect of the loans to be advanced. The request of the Bank was considered and Government is accordingly pleased to direct that the Bank should be given guarantee to the extent of 2 per cent of the amount of loans granted or the actual losses suffered by the Bank as a result *only* of land values going down, *whichever is less*, subject to the following conditions :

1. From now on till the "Tillers' Day" the Bank should advance loans only to those borrowers, who own the lands to be offered as security for the loan and who also cultivate these lands.
2. The lands may be valued at 120 times the assessment or the value arrived at on the existing basis (without addition of 20 per cent in any case) whichever is lower.....".

### 18.8.2 Uttar Pradesh

After the abolition of zamindari<sup>1</sup> in Uttar Pradesh, four main classes of cultivators, viz., *Bhumidars*, *Sirdars*, *Asamis* and *Adivasis* were recognized under the Act. The *Bhumidars* constituted about one-third of the total number of cultivators in Uttar Pradesh. Under the law obtaining in Uttar Pradesh, the *Sirdars* had neither the right to sell their interest in land nor was their interest ordinarily transferable.<sup>2</sup> Thus, the problem of restricted transferability of rights was faced acutely in respect of about two-thirds of the total number of cultivators.

Though in the Integrated Rural Credit Scheme and in the Second Five Year Plan several measures for development of land mortgage banks were envisaged, the performance in this regard appears to be far from satisfactory. No significant efforts at ensuring effective co-ordination between the short-term co-operative credit structure and the land mortgage banking structure were evident. Loans advanced by land mortgage banks fell short of the targets fixed in almost all the districts where they operated and no vigorous efforts at even developing these in other districts were evident. It may be stated that, barring a few exceptions, the problems faced or are likely to be faced by land mortgage banks as a result of restrictions on transferability of land already stipulated or under contemplation under the land reforms legislation, have yet to be tackled on a systematic basis.

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<sup>1</sup>The Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950.

<sup>2</sup>According to the Co-operative Societies (U.P. Amendment) Act, 1956, the interest of a *Sirdar* in his holding could be sold for the recovery of the dues of a co-operative society.



## CHAPTER 19

# INDUSTRIAL CO-OPERATIVES

During the Rural Credit Follow-up Survey, the study of industrial co-operatives was confined to a study of the relatively more important cottage industries in each district. The handloom weaving industry was the most important amongst the cottage industries in many selected districts. The organization of this industry on a co-operative basis was found to have made relatively more progress, as may be seen from Appendix Table 19.1. It may be noted in this connexion that industrial co-operatives were not studied in the All-India Rural Credit Survey, 1951-2. In the Rural Credit Follow-up Survey, 1956-7, however, it was decided to conduct a preliminary study of some industrial co-operatives selected on *ad hoc* basis. The plan of investigation did not provide for a detailed investigation of the various aspects of the working of industrial co-operatives. In the following pages are discussed only the salient features of the societies investigated during the Survey, without making any elaborate attempt at formulating and analysing the problems in development of industrial co-operatives.

Thirty-seven industrial co-operatives from the eleven selected districts were studied. Of these 37 industrial co-operatives studied, 30 were weavers' societies, 3 tanners' societies, 2 jaggery producers' societies, 1 was a bell metal workers' society and 1 stone workers' society. As the number of societies other than handloom co-operatives was very small, the discussion in this chapter will be devoted only to handloom co-operatives.

### 19.1 HANDLOOM CO-OPERATIVES : STRUCTURE

So far as the financing of handloom co-operatives was concerned, the credit structure generally comprised the apex bank at the State level and the central co-operative banks at the district level. In some districts, viz., Broach, Dharwar, East Khandesh and Etawah, funds were channelled through the industrial co-operative bank instead of through the central co-operative bank. The handloom co-operatives in Broach, East Khandesh and Dharwar were financed by the Southern Gujarat Industrial Co-operative Bank, Surat, the Industrial Co-operative Bank, East Khandesh and the Industrial Co-operative Bank, Dharwar, respectively. Financial assistance from Government consisted of loans to weavers for contribution to the share capital, subsidies and grants to the societies for the purchase of implements, for staff requirements, etc., and the rebate granted on sales of handloom cloth.

The co-operative structure in regard to distribution of requisites and marketing, however, varied considerably from district to district. In Bombay (Broach and East Khandesh), there was no separate apex weavers' institution. The State Industrial Co-operative Association, which is a composite apex institution to which are affiliated not only weavers' societies but other types of industrial co-operatives as well, functioned as the apex body. The district industrial co-operative associations worked as central societies. The state industrial

co-operative association undertook to work out and execute new designs for the benefit of the weavers' societies. It also supplied yarn on credit to some of the district industrial co-operative associations and the primary societies. The district industrial co-operative association, to which were affiliated the handloom co-operatives, also arranged to sell products of handloom co-operatives on an indent basis. In Coimbatore and West Godavari, the primary weavers' societies were affiliated to the apex weavers' society. The primary society purchased cotton yarn from the apex society or from the open market and issued it to its members by way of an advance. The members produced cloth according to specifications, handed it over to the society and received wages for labour. The responsibility for marketing cloth was that of the society. In Uttar Pradesh (Etawah), there was no apex organization but the primary societies were affiliated to the Uttar Pradesh Industrial Co-operative Association, Kanpur. This association arranged for the bulk supply of raw materials to the district associations which in turn supplied the material to the handloom co-operatives affiliated to them. Generally, the primaries purchased the finished goods of their members but sometimes advances were also made against the finished goods pending adjustment after sale. In Bihar (Gaya), the apex society supplied yarn to the affiliated societies after purchasing in bulk from mills and provided marketing facilities through the sales-emporia established throughout the State. In West Bengal (Nadia), the structure comprised of an apex society at the state level and the sub-divisional or district unions at the district level.

Among the various steps taken by Government for rehabilitation and consolidation of handloom industry, one was the setting up of the All-India Handloom Board in 1952. The Board evolved certain broad principles for development of and assistance to handloom industry but the onus of implementation of development schemes devolved on the respective State Governments. In 1953, the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act was passed and a part of the funds collected under the Act was apportioned among the various State Governments for the development of handloom industry. Out of these funds, loans towards working capital as also grants for other development expenditure were made to handloom co-operatives in accordance with the principles laid down by the Handloom Board. In accordance with this procedure, loans towards working capital were made upto April 1957. In April 1957, however, the Reserve Bank of India started making funds available to the state co-operative banks under Section 17(2)(bb) of the Reserve Bank of India Act at  $2\frac{1}{2}$  per cent for periods not exceeding twelve months. The loans were made available to the handloom societies through the apex banks and central banks, and in some States through industrial co-operative banks. The apex and central banks together were expected to keep a margin of not more than 3 per cent and pass on the funds to the handloom co-operatives at  $5\frac{1}{2}$  per cent. To enable the handloom co-operatives to get the funds at 3 per cent, the Government of India gave a subsidy to the extent of  $2\frac{1}{2}$  per cent.

## 19.2 WORKING OF SELECTED HANDLOOM CO-OPERATIVES

Of the 30 selected handloom societies, 20 were engaged in the distribution of raw materials and marketing of finished products, 6 in the marketing of finished

products, 1 in advancing short-term loans to members and 2 in the distribution of raw materials, production and marketing of goods (Table 19.1).

**TABLE 19.1—FUNCTIONS UNDERTAKEN BY SELECTED HANDLOOM CO-OPERATIVES—1956-7**

	Engaged in distribution of yarn, other requisites or marketing and production on society's account	Engaged only in marketing	Engaged in distribution of yarn, other requisites, production and marketing	Advancing short-term loans	Of which dormant
	1	2	3	4	5
Broach ...	1	—	—	—	1
East Khandesh ...	2	—	—	—	—
Dharwar ...	2	—	—	—	—
Coimbatore ...	4	—	—	—	—
West Godavari ...	3	—	—	—	—
Ferozepur ...	1	—	—	—	—
Etawah ...	—	4	—	—	—
Mandsaur ...	—	2	—	1	—
Gaya ...	1	—	—	—	—
Nadia ...	2	—	2	—	—
Bikaner ...	4	—	—	—	—
<b>TOTAL ...</b>	<b>20</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>1</b>

(Source : General Supply Schedule No. 4)

The working capital of the weavers' societies in Broach, West Godavari, Coimbatore, Dharwar and Etawah consisted mostly of owned funds and borrowings from the central co-operative banks. The owned funds constituted about 50 per cent or more of the working capital in six districts, viz., Broach, West Godavari, Coimbatore, Dharwar, Etawah and East Khandesh. Society-wise details are given in Appendix Table 19.2. In Ferozepur, deposits held from individuals constituted about 60 per cent of the working capital. Loans held from the central co-operative bank formed two-fifths of the working capital in Broach and West Godavari and one-third in Coimbatore. Loans from Government formed about 50 per cent or more of the working capital in Bikaner, Nadia, Gaya and Mandsaur and about two-fifths in East Khandesh. In other districts, the proportion was one-tenth or even less.

Only 16 out of 30 weavers' societies studied reported sale of goods produced on their own account during 1956-7. The value of such sales varied from Rs 339 in Society GI1 from Gaya to Rs 11.63 lakhs in Society CI5 from Coimbatore. Besides Society CI5 from Coimbatore, in six other societies, viz., Societies KI1 and KI2 from East Khandesh, Societies CI1 and CI4 from Coimbatore, Society WI1 from West Godavari and NI3 from Nadia, the value of produce produced on their own account exceeded Rs 1 lakh. In Society CI2 from Coimbatore, it was about a lakh of rupees and in four other societies, it was between Rs 37,000 and Rs 70,000.

Marketing of handloom products was reported by 24 societies, 1 each from Broach, Bilaner, Gays and Porezpur, 2 each from Dharwar, Mandsaur and East Khandesh, 3 each from Nadiia and West Godavari and 4 each from Etawah and Coimbatore. The value of produce marketed was Rs 50,000 and above in nineteen societies. Of these, value of goods marketed was between Rs 1 lakh and Rs 3 lakhs in seven societies (three from Etawah and one each from Mandsaur, Nadiia, West Godavari and East Khandesh) and above Rs 3 lakhs in five societies (three from Coimbatore, and one each from West Godavari and East Khandesh).

### 19.3 PERFORMANCE OF SELECTED INDUSTRIAL CO-OPERATIVES

Of the two societies selected for investigation in Broach, Society B11 became inactive subsequent to the decontrol of yarn. The problem of reorganizing this society became very difficult in view of the limited market for its products and its inability to compete with the *pathi*<sup>1</sup> imported from Surat, which was reported to be woven on better equipment and by relatively better trained weavers. Members of the society also received very little guidance from the society. The other society, viz., Society B12, on the other hand, was relatively well-developed and sold bulk of its products on its own, without the aid of the district industrial co-operative association.

Both the selected societies in East Khandesh did not own any equipment of their own. There was not a single member who was a *karkhandar* owning an organized unit employing weavers or who was a master-weaver. All the members were independent workers and owned their production equipment. Members were, in general, satisfied with the working of the society and admitted that they were assured of steady work and regular earnings. It was, however, pointed out by some that as the societies did not advance consumption loans, they had to borrow from the traders and consequently sell the finished products to them at an unfavourable price.

Of the two selected societies in Dharwar, it was found that the main buyers of products of Society D12 were the members of its Managing Committee. In Society, D11, it was reported that the price of its products was fixed by the chairman. There were complaints that he did not take active interest and that prices received were not favourable to members.

Four handloom societies were studied in Coimbatore. All of them worked in a fairly satisfactory manner. The societies generally preferred to purchase their yarn requirements from the local private traders who allowed purchases on a credit basis, whereas the apex society generally insisted on immediate payment of cash. Some of the societies purchased in bulk the appliances required by their members for production and supplied them at cost price. Festival advances were also granted to members on the eve of important festivals. However, many weavers were unable to leave their master weavers to whom they were indebted. The societies were not always in a position to secure the required quantity of yarn of the right quality at reasonable prices. Compared to the proportion of the total number of looms brought under the co-operative fold, the number of dye houses owned by co-operatives was very small.

<sup>1</sup>Handwoven cotton beltings used for wooden cots.

Only one of the two industrial co-operatives studied in Ferozepur was a handloom weavers' society. This Society, viz., FI1, had 25 members. It collected finished products from members and sold through the State Handloom Weavers' Society. Only one-sixth of the yarn requirements was given by the society, the rest was purchased by members from the open market.

None of the four selected societies from Etawah purchased yarn for distribution among members. The District Weavers' Central Co-operative Store, Etawah, to which all the 33 Weavers' Societies in the district were affiliated, however, distributed yarn through two primary societies. The weavers in these two societies were given wages for weaving by the Central Weavers' Store. The primary society received a commission. Society EI1, in spite of its being in the Mahewa Project area, was entirely neglected, mismanaged and was practically not functioning. The quantity of yarn supplied by the Central Weavers' Store was not adequate and was of a count not usually used by the ordinary weavers. Further, the yarn was advanced only against deposits. In view of these difficulties, the weavers were compelled to borrow from outside for purchasing yarn, or obtained yarn on credit, which involved higher payment. Society EI1 neither distributed yarn nor arranged for marketing of cloth of the members. The members of this society had to face considerable difficulties in selling the finished product. The clerk of the society stamped the finished product brought by members and asked the members to take it to the marketing centres for sale. Members were required to go to the market at their expense and there was no assured market for the products. On their return, cash receipts were issued. The society thus established a claim for rebate without rendering any service to the members.

The way in which the rebate was claimed left considerable scope for fictitious accounts of sale of cloth by members through societies. The books of accounts of the societies showed a consistent attempt to keep the number of members, and particularly that of registered looms, as high as possible with a view to reporting higher production of cloth. There was no correspondence between the data on number of looms working, membership and production of cloth, the level of production showing inexplicable variations from time to time. In spite of the financial aid, none of the selected societies commenced either procurement of yarn or production of cloth on a co-operative basis. Even the yarn supplied by the store was availed of only by a small number of weavers. The problems of supply of yarn on credit, and even of marketing faced by weavers, were left unattended to.

Two of the three selected weavers' societies from Mandsaur were mainly concerned with marketing of the products brought by members, while the third advanced short-term loans to members. At the time of selling the produce, members were paid at the prevalent market price. In case prices declined subsequently, the difference was made good by the members. But no accounts were maintained regarding these recoveries. Even when the society had no funds to purchase goods from its members and had to buy on credit, cash payments to members were shown in the

account books and no cash payments were, in fact, made. The practice of issuing cash memos to traders even when they purchased goods on credit involved the risk of misappropriation of cash. The rebate which the society obtained was shared by the society, traders and members. The management of the societies was not efficient and the way in which the accounts were maintained appeared detrimental to the members' interests. The affiliation of the societies to the Madhya Bharat Handloom Weavers Co-operative Society, Indore, enabled them to avail of subsidy for staff and equipment but these were not properly utilized by the societies. The financial aid for improving the equipment of members was not at all availed of by one society and used only partially by another. The subsidy for organizing sales was more or less misused by increasing the salary of the secretary and designating him as secretary-cum-salesman.

Four societies were selected for study in Nadia. Society NI1, though registered in 1954, did not function at all. The secretary and another member of the Managing Committee of Society NI2 were master-weavers. Three of the Managing Committee members of Society NI3 were master-weavers. Nearly 50 per cent of the members of Society NI4 were without looms. By and large, the weavers' societies were kept alive by the financial assistance from Government. The majority of members were left to find raw materials on their own and in most cases, it was obtained from *mahajans* at high prices and on unfavourable terms and conditions. Services in the form of technical advice were not available to members. Marketing was a difficult problem for the majority of members.

Four societies were selected for study in Bikaner. Members of one of the societies who did not possess looms were also advanced loans under the Cess Fund Scheme in contravention of the rules. In another society, it was reported that adequate care was not taken to ensure that the loans issued for subscription to share capital were not misutilized. The third society, which was registered although the members did not fully pay the share capital, had not started functioning. In the fourth society, the members who were weavers or who had looms, formed only 50 per cent of the total membership. The society was formed mainly in the hope of getting cash loans. But as it was stipulated that loans under the Cess Fund should be disbursed in kind only, the loan sanctioned under Cess Fund was not drawn until September 1957, and the society did not start any activity till the end of the year 1956-7.

In short, the master-weavers seem to have effected an entry into some of the selected societies. Weavers were unable, as for instance those from Coimbatore, to sever their long standing relations with the master-weavers and join the co-operatives because of their heavy indebtedness. As the co-operative societies did not meet all the credit needs, the weavers had to borrow from the traders and/or master-weavers and consequently sell to them the finished products. In many societies, members had to find raw materials on their own. In a few cases, it was observed that the product of right type and quality was not chosen for sale, resulting in large unsold stocks. The quality of yarn supplied by co-operatives, as

for instance, in Etawah, was of a type that was not usually used by ordinary weavers. In Broach, one of the societies was rendered inactive mainly due to its inability to compete with another handloom product from Surat woven on better equipments. Many of the selected societies did not arrange for marketing of the finished product of members. For instance, in Mandsaur, there was no organization for sales, and the traders came to the office of the societies for purchase. In Nadia, it was reported that marketing was a constant problem for majority of the members. In one of the societies in Dharwar, the prices of the finished product were reported to have been fixed by the leading members of the Managing Committee of the society, some of whom were master-weavers, and the prices received were generally unfavourable to members.

## CHAPTER 20

### CONCLUDING REMARKS

One of the main objectives of the Rural Credit Follow-up Survey was to make a factual assessment of the working of different types of co-operatives in general and the implementation of the Integrated Rural Credit Scheme in particular in the selected districts. It was, therefore, necessary to study not only the state of development of co-operatives as in 1956-7, the period of reference of the Survey, but also the progress achieved by co-operatives since the initiation of the development schemes under the district co-operative development plans in 1955. The plan of investigation provided, therefore, for a study of the extent of growth of co-operatives in different districts and also for the assessment of structure, functions and inter-relationships of various types of co-operatives in which relatively greater progress was achieved by them.

#### 20.1 UNEVEN GROWTH OF CO-OPERATIVES

As stated earlier, the development of co-operatives was uneven among the selected districts (Table 20.1). Taking the various criteria/indicators into consideration, co-operative development appears to be striking in Broach; East Khandesh follows it closely. The growth of credit co-operatives in West Godavari and Dharwar was impressive, and Coimbatore came next in the order of development of co-operatives. Co-operatives in Ferozepur and Mandsaur were comparatively undeveloped followed by those from Etawah. At the end of the scale may be placed Gaya and Nadia.

The problem of assessment, therefore, is to find out the reasons why co-operatives were better developed in one district rather than in another. The relative importance of various factors contributing to the relatively higher level of development of co-operatives in Broach before the initiation of the pilot project and the degree of effort put into the reorganization of co-operative structure under the Integrated Rural Credit Scheme also require a careful analysis. It is no doubt possible to argue that the higher level of development of co-operatives in 1956-7 in Broach and East Khandesh was largely due to the fact that even before the initiation of the pilot project, these were co-operatively developed districts; but it is to be noted that Broach was among the two districts in which the rate of development of co-operatives between 1954 and 1957 was remarkable. For instance, the proportion of cotton sold through co-operatives increased from 21 per cent in 1954-5 to 39 per cent in 1956-7. In East Khandesh, which may be regarded as coming next in the order of development of co-operatives, the credit co-operatives were more developed than in Broach, but marketing co-operatives were relatively weak. However, in these two districts as also in West Godavari, Dharwar and Coimbatore, the growth of co-operatives could be ascribed largely to the efforts made at implementing the Integrated Rural Credit Scheme.



TABLE 20.1—BORROWINGS FROM AND MARKETING THROUGH CO-OPERATIVES

	LISTING SCHE- DULE DATA	CULTIVATING FAMILIES (GDS(1) DATA)			MEMBERS OF CO-OPERATIVES (ISS(2) DATA)			
	Proportion of cultivating families which were members of co-operatives (Per cent)	Proportion of cultivating families borrowing from co-operatives during 1956-7 (Per cent)	Proportion of borrowings from co-operatives to total borrowings from all agencies (Per cent)	Average amount borrowed from co-operatives per cultivating family (Rs)	Proportion of borrowings from co-operatives to total borrowings (Per cent)	Average amount borrowed from co-operatives per member (Rs)	Proportion of produce sold through co-operatives to total produce sold (Per cent)	Average value of produce sold through co-operatives per member (Rs)
	1	2	3	4	5	6	7	8
Broach	34	25	33	152	58	506	51	1,016
East Khandesh	41	34	48	114	57	357	11	235
Dharwar	42	11	21	46	54	174	32	226
Coimbatore	23	6	7	15	48	168	1	10
West Godavari	29	23	22	99	50	380	—	—
Ferozepur	21	9	5	28	28	164	1	9
Etawah	26	14	11	17	45	99	6	19
Mandsaur	24	10	8	23	32	121	1	2
Gaya	10	—	—	—	11	25	11	16
Nadia	15	1	1	2	30	25	—	—

The scope for and rate of development of co-operatives is the result of operation of several factors such as the level of development obtaining before the initiation of the co-operative development schemes, the magnitude of efforts made in relation to the objectives, extent of change in the rules and procedures regarding loan policy and the role ascribed to the central financing agencies. For a more sustained growth in the developed districts and for accelerating the rate of development in relatively less developed districts, besides the various factors mentioned above, such other aspects as land ownership pattern, the type of agricultural economy, etc., are important ones and hence, it is necessary to carefully study and analyse them also. Thus, the assessment of performance of co-operatives involves consideration of several factors, some of which are inter-related while others have a direct bearing on the co-operatives.

Among the several factors which need to be taken into account while assessing the performance of co-operatives, particular mention is necessary of development in other sectors, both social and economic, which do not fall within the field of the Co-operative Movement but which have a significant bearing on the development of co-operatives. For example, the pattern of land ownership and the nature and

scope of land reform legislation and its impact on the pattern of land rights would have a direct bearing on the development of co-operatives. Thus, it was observed that credit co-operatives were relatively better developed in districts which had *Ryotwari* tenure and where there were no intermediary right holders. The institutional framework relating to the land ownership pattern appears to have some impact on the co-operative credit structure. In areas where the *Zamindars* and big land-holders were socially and economically strong, they seemed to dominate the co-operative credit societies. For instance, in Societies W2, W3 and W12 from West Godavari and some societies from Gaya—the areas where *Zamindari* tenure prevailed until recently—*Zamindars* or landlords dominated the co-operatives. The question of land rights also becomes important in regard to medium and long-term credit, particularly with regard to land mortgage banking, to which a reference was made earlier, and the need for co-ordination between land reform legislation and the programme of land mortgage bank development also needs emphasis.

Secondly, the nature and type of the agricultural economy is also a factor significant from the point of view of growth of co-operatives. An economy which is subject to frequent droughts, famines and other natural calamities cannot achieve progress at the same pace as an economy more favourably situated. Similarly, development of marketing co-operatives is likely to be easier in a more monetized and commercialized economy than in a subsistence economy. In a district such as Broach where agriculture is commercialized, marketing co-operatives developed more rapidly. At the same time, in West Godavari where paddy is grown largely for sale, co-operative marketing continued to be weak because of the difficulties faced by co-operatives in taking up processing activities. At the other extreme, there are examples of Gaya and Nadia, where the economy was more or less of a subsistence type and co-operative marketing (except with regard to sugarcane in Gaya) was undeveloped. Even within a district there were large variations from one area to another. For example, in Broach, the *adivasi*-inhabited areas in the east were relatively backward and consequently credit co-operatives were undeveloped. The variations in the development may sometimes be in relation to crops instead of areas. Thus, in Dharwar co-operative marketing was better developed for commercial crops such as cotton, groundnut and chillies than for paddy.

As pointed out earlier, the Partition of the country adversely affected the financial position of the co-operatives both in West Bengal and the Punjab. Similarly, the operations of the debt settlement policy through the Debt Settlement Boards during the depression of the thirties adversely affected the co-operatives in Nadia (West Bengal). As such a large number of co-operatives in Ferozepur and Nadia had not recovered from the effects and were still dormant when the Second Five Year Plan was initiated.

Finally, the organizational structure of co-operatives obtaining before the initiation of the Second Five Year Plan or of the pilot project, as the case may be, is equally important. For instance, in Broach, East Khandesh and Dharwar, the crop

loan system was initiated as early as in 1949. Further, in accordance with the policy of the Government of Bombay, several multi-village societies with limited liability were organized from 1948. Thus, even before the initiation of the pilot project, some of the features of the Integrated Rural Credit Scheme were being incorporated into the structure and working of credit co-operatives, albeit independently. Hence, in 1954-5, the structure and working of co-operatives in Broach, East Khandesh and Dharwar was already reoriented, to some extent, in the direction indicated in the Second Five Year Plan. Thus, these districts were relatively more favourably situated as compared to others where efforts on the lines of the new policy were made only after 1955-6; besides, there were some other defects in some districts. In Ferozepur, Nadia and Mandsaur, with the predominance of unlimited liability type of societies in 1954-5, the problem in regard to fixing credit limits continued to be difficult. In Gaya, the central banks, with their emphasis on trading activities under the *Credit Agricole* Scheme, were hardly in a position to perform the normal functions expected of central financing agencies. In Etawah, one-village limited liability societies had existed even before the initiation of the co-operative development plans and the problem of overlapping of functions between block development unions and credit societies was still existing.

Thus, apart from variations in the extent of development of co-operatives, the structure and working of co-operatives varied considerably from district to district at the time the Second Five Year Plan and the pilot projects, which had an important bearing on the implementation of the new policy, were launched. Under these circumstances, the efforts that would be required of State Governments and co-operatives to reorient the structure and working of co-operatives on the lines recommended by the All-India Rural Credit Survey Committee would, admittedly, be of varying magnitudes.

While assessing the performance of co-operatives in different districts, all the above mentioned aspects would have to be taken into consideration.

## 20.2 MAGNITUDE OF EFFORT AT REORIENTING THE STRUCTURE OF CO-OPERATIVES

The most important feature revealed by the discussion in the previous chapters is that the size of developmental effort planned and the actual achievement in regard to the reorientation of the credit structure varied considerably from district to district. The scope and magnitude of changes proposed in the development plans also varied. The pilot projects, initiated in Broach, East Khandesh and Dharwar in October 1955, included many features of the scheme recommended by the All-India Rural Credit Survey Committee. In West Godavari and Coimbatore, the pilot project, as on 30 June 1957, covered only two and three taluks, respectively. No attempts on any significant scale at introducing pilot projects were made in other districts, except perhaps in Etawah where the Mahewa Rural Credit Project was initiated in July 1955. As was pointed out earlier, the Mahewa Rural Credit Project did not provide for organization of large size societies, state participation, financial assistance by way of godown loans

and subsidies to credit societies, and reorientation of the loan policy on the lines recommended in the All-India Rural Credit Survey Report, though interlinking of credit with marketing was attempted. In other districts, the district co-operative development plans provided for the organization of a few large size societies, but several other important features of the Integrated Rural Credit Scheme were not incorporated.

In Broach, where the pilot project covered the entire district, 59 per cent of the primary credit societies in June 1957 were large size societies and 81 per cent of the total loans advanced during 1956-7 were given by these societies. About 15 per cent and 10 per cent of the large size societies had received State contribution to share capital and godown loans and subsidies, respectively. But in no society, State nominees were appointed. Though State contribution to share capital of the central bank was made on a small scale, no State nominees were appointed on the board of directors.

In East Khandesh, of the 849 agricultural credit societies, 135 were large size societies. The large size societies were designated as such by the Assistant Registrar of Co-operative Societies; however, it was noticed that the secretaries of some selected large size societies were not aware of such designation of their societies. Many large size societies had only one village in their jurisdiction, and 39 had received State contribution to share capital.

In Dharwar, 118 out of 681 societies in June 1957 were large size societies. Fifty-two societies were sanctioned State contribution to share capital; some had not received the amount, as a decision regarding the mode of State participation—whether direct or indirect—was not taken till June 1957. In some societies State nominees were appointed in anticipation of State contribution to share capital. When the district formed a part of Bombay State, State contribution to share capital of the central bank was made by the Government of Bombay through the state co-operative bank. There were no State nominees on the board of directors. Consequently on the transfer of the district to Mysore State, necessary funds were sanctioned by the Government of Mysore for further State contribution to share capital but these were not availed of by the central bank.

Both in Coimbatore and West Godavari, the pilot projects covered, as was stated earlier, only a part of the district and were introduced only during 1956. In Coimbatore, only 16 out of 795 agricultural credit societies were large size societies. Neither the central bank nor the large size societies had received State contribution to share capital. In West Godavari, 57 out of 369 agricultural credit societies were large size societies many of which were in the pilot project area. State contribution to share capital was made to 38 large size societies. Though there was State contribution to the share capital of the central bank, there were no State nominees.

Among the selected districts, barring Bikaner, the extent of efforts made at reorganization of the credit structure was perhaps of the lowest order in Ferozepur. Nearly 96 per cent of the total number (1,064) of credit societies were of the unlimited liability type and the number of large size societies in June 1957 was only 10. All the three central banks in the district had received State contribution to share capital.

In Etawah, almost all the credit societies were of the limited liability type. There were no large size societies in the district nor was there any provision for organization of such societies in the district co-operative development plan. The Mahewa Rural Credit Project, covering 21 small size limited liability societies affiliated to the Mahewa Co-operative Block Development Union, was the only project where some efforts, more organized than those in other parts of the district, were made at development of co-operatives.

Nearly 97 per cent of the credit societies in Mandsaur were of the unlimited liability type and the district co-operative development plan provided for organization of only five large size societies. The so-called pilot project of the Integrated Rural Credit Scheme covered only one large size society and one marketing society. One of the two central banks received State contribution to share capital.

Many credit societies in Gaya were of the limited liability type, but nearly 64 per cent of the societies were dormant<sup>1</sup>. Only 5 out of 1,504 agricultural credit societies in the district were large size societies. None of the four central banks had received State contribution to share capital.

Nearly 81 per cent of the credit societies in Nadia were dormant<sup>1</sup>. Of the 595 credit societies only 13 were large size societies. The procedure adopted for organization of large size societies was to select one society and convert it into a large size society by changing its by-laws and increasing its jurisdiction to a large number of villages. Subsequently, finance from central financing agency to those societies which were in the area of operation of the large size society was discontinued. Neither of the two central banks received State contribution to share capital.

As regards the magnitude of State efforts at development of marketing and processing co-operatives, it may be seen that the number of marketing societies which were sanctioned State contribution to share capital upto June 1957 was 5 out of 23 societies in Broach, 11 out of 16 societies in Dharwar, 13 out of 36 societies in East Khandesh, 3 out of 11 societies in West Godavari, 2 out of 14 societies in Coimbatore, 1 out of 4 societies in Mandsaur, 3 out of 6 societies in Gaya, the only society in Nadia and 4 out of 17 societies in Ferozepur. None of the marketing societies in Etawah had received State contribution to share capital.

Whereas the extent of effort at reorganization of the credit and marketing structure varied considerably from district to district and was of a very small magnitude in many districts, the provision made in the district co-operative development plans for organizing processing co-operatives was still less satisfactory. The district co-operative development plans for 1956-7 provided for organization of three processing societies in Dharwar, one in East Khandesh, one in Coimbatore and three in Ferozepur. In other districts, the plans did not provide for organization of processing co-operatives. Thus, the total number of processing co-operatives in the district was nine in Broach, one in Dharwar, two in East Khandesh, one in Coimbatore, five in Ferozepur and none in West Godavari. Inadequate emphasis

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<sup>1</sup>Estimates are based on ISS(I) data.

on the development of processing co-operatives was thus one of the major weaknesses in the district co-operative development plans.

Even the policy of State Governments regarding co-operative development was characterized by fluidity and hesitancy sometimes leading to apparently contradictory directives. In Broach the issues connected with the undertaking of marketing of produce by credit co-operatives and of credit activities by marketing co-operatives were not given due consideration in the initial stages of the pilot project. As was seen in Section 13.1, directives regarding policy on the size of primary credit societies were revised from time to time. Frequent revisions in policy were responsible to some extent for slowing down the rate of development<sup>1</sup>. In Dharwar, the targets for 1960-1 were revised within two years of the initiation of the pilot project. In West Godavari and Coimbatore, adequate provision for development of primary co-operatives was not made, and no clear policy directives to central financing agencies regarding re-orientation of loan policies were given by State Governments. In Ferozepur, no attempts were made at reallocating the functions regarding inspection, audit and supervision. In Etawah, the scheme itself was different from that envisaged in the Second Five Year Plan. In Mandsaur, the central financing agencies continued to

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<sup>1</sup>This will be evident from the extract of a letter written by the Daxin Gujarat Co-operative Cotton Marketing Union to the Government of Bombay.

"Since the publication of the Rural Credit Survey Committee's report, a very hopeful and encouraging atmosphere about co-operation has developed amongst the farmers, and the co-operative workers of this district have become very keen to see that the recommendations of the Committee are implemented as early as possible. These recommendations have been repeatedly expressed before the people in regional languages through local newspapers and other literatures. Moreover, the problem as to how these new and efficient large size societies are to be formed under the existing different local conditions in different areas, has also been thoroughly and seriously discussed during the various meetings, conferences, and also with the higher officers of the Department. Lastly, the Ahmedabad conference of sale societies of Gujarat has passed several resolutions, so that, keeping them in view, the co-operative workers could go ahead with the work... There were also suggestions that where the circumstances are favourable, a change-over on the above line may be carried out and that the same line of work should be applied for formation of new societies but subsequently it was decided that this principle should not be enforced rigidly for new societies but it should be left for the people to form societies, of their choice also.....At this stage, now, I am given to understand that you have issued new instructions revising the former formula for the large size societies and according to which, not only that the large size societies are to be for 5 to 6 or at the most 10 villages but that if any large size society is formed out of a greater size, it should be broken into the smaller size.

These instructions are a great surprise. It is not understood how the peoples' feelings are now to be converted overnight, towards an altogether different direction and telling of such contradictory matters to people at this stage would mean that the co-operative workers cannot judge what is suitable for their areas, and that they merely have to press and divert the people in accordance with the instructions coming from some where above.... I may add here that after the publication of the report of the R.C.S.C., like that of a good religious book, different meanings are drawn for its recommendation as one may like. Moreover, the hasty execution of the controversial points cannot improve the situation.

At such a juncture, it will not be out of place if I desire to invite reference to the precalculated warning—pointed out by the R.C.S.C., itself—which runs as under.

"Reorganization of existing societies, in so far as it arises in this context, should, as we have already indicated, be attempted *only where necessary and as and when this can be suitably done i.e., without considerable dislocation.*"

It is hoped that specific and clear guidance in this respect will be had as early as possible."

give mostly medium-term loans. In Gaya and Nadia, attempts at reorienting the working of co-operatives and central financing agencies were also very inadequate. As a general feature it may, therefore, be noted that except in a few districts, no sizeable effort, either in the plan or in the process of actual implementation, was made to reorganize the credit structure on the lines recommended by the All-India Rural Credit Survey Committee. It will not be out of place to mention that in some districts the schemes under the pilot projects were not properly formulated, and implementation of such schemes was undertaken in a hasty manner. Further, attempts to introduce the Integrated Rural Credit Scheme, admittedly of a varying magnitude, were made in 1955-6 in some districts and only in 1956-7 in others. On the other hand, the period of reference for the Rural Credit Follow-up Survey was 1956-7 and hence it was too early to make, in some cases, a proper assessment of the implementation of the scheme.

### 20.3 CENTRAL CO-OPERATIVE BANKS

Though, in accordance with the standards recommended in regard to central banks, there should ordinarily be one central bank for a district with paid-up share capital and reserves of Rs 3 lakhs and working capital of Rs 20 lakhs to Rs 25 lakhs, many central banks studied during the Survey did not satisfy these criteria. In five of the eleven districts, there was one central bank each; four others had two or more central banks. Of the remaining two, while one was covered by a central bank which operated in two districts, in the other district, two of the seven taluks were covered by central banks from adjacent districts. Of the eighteen central banks operating in eleven districts, total share capital was less than Rs 3 lakhs in as many as eleven central banks, and it was less than Rs 50 thousand in five central banks. Working capital of central banks was less than Rs 20 lakhs in eight of the eighteen central banks; in some central banks from Gaya, it was less than Rs 3 lakhs. Thus some central banks from Gaya had smaller share capital and working capital than some of the large size societies from Broach, Dharwar and West Godavari.

Almost all the central banks reported increase in share capital between 1955 and 1957, but the increase was more than 50 per cent in only five central banks, *viz.*, Broach, East Khandesh, West Godavari, Etawah and Mandsaur.

State contribution to share capital was effected upto June 1957 in only eight of eighteen central banks. There were State nominees on the boards of directors of ten out of eighteen central banks. In the boards of directors of many central banks, individual members appeared to have had a relatively greater representation.

There were wide variations in the loan policies of the central banks and the extent of reorientation in the loan policy attempted since the initiation of the Second Five Year Plan also varied. For instance, in Broach, especially after the launching of the pilot project in October 1955, measures for reorientation of loan policies were taken by the Field Workers' Conference. Similar was the case in East Khandesh and Dharwar. In Dharwar, rules regarding the quantum of loans were framed in a more rational manner than in Broach by prescribing varying scales of finance according to

crops and the geographical regions. Since the initiation of the pilot project, the Karnatak Central Co-operative Bank, Dharwar, made efforts to implement the policy laid down at the Field Workers' Conference. Further, loans were disbursed only by cheques, and funds were made available in instalments so as to ensure disbursement of loans to cultivators at an appropriate time. But as there was, before the initiation of the pilot project, no uniform policy regarding recovery of loans, particularly extension of due date of repayment, members of many societies had defaulted in repayment of loans. Though with the initiation of the pilot project the central bank had adopted a more uniform and strict policy regarding recovery, the overdues continued to be the major factor limiting the growth of co-operative credit. This was also reported to be one of the reasons underlying revision or scaling down of the targets effected by the Government of Mysore consequent on the transfer of the district to Mysore State; the revision, however, created some problems which placed many credit societies in a difficult position.

In Coimbatore, no reorientation of the loan policy on the lines made in Broach, East Khandesh and Dharwar was attempted, except in the case of some large size societies, especially those in a small *firka* of the Erode taluk where the Full Finance Scheme was launched. The loan policy, scales of finance and loan procedure hardly underwent any perceptible change and the main consideration in the fixation of quantum of loans continued to be the value of land owned by the members. Thus the way in which the loan policy was formulated neither had the rationale nor did it provide for consideration by the field workers. The initiation of the pilot project of the Integrated Rural Credit Scheme in a part of West Godavari district did not bring about any reorientation in the loan policy of the central bank, and the procedure for sanctioning loans in the area covered by the pilot project was not much different from that obtaining in the area not covered by the project.

In Ferozepur, the loan policy and procedure of the central banks continued to be as much dominated by the Co-operation Department officials as before, and no attempts were made at introducing the crop loan system. The central banks in Ferozepur acted merely as disbursing agencies, and all decisions regarding scales of finance and policy regarding fixation of credit limits for societies and individuals were practically made by the departmental officials. The available evidence clearly indicated a large amount of arbitrariness in the determination of credit limits; audit, supervision and inspection of credit societies as also determination of maximum credit limit for societies and individuals were done, at least in Ferozepur district, generally by one and the same official. Thus, under the type of co-operative structure and the administrative arrangements obtaining in the district, the central banks did not have a role comparable to that played by the central banks in the districts mentioned earlier. Hence, the factors responsible for official domination on co-operatives have to be looked for not in State participation either in share capital or in management of co-operatives, but rather in the type of arrangements regarding audit, supervision and inspection, the role ascribed to the central banks and the way in which their loan policy was formulated.



Loans were granted by societies in Ferozepur against personal security with two sureties. Further, as the non-agricultural income was also, among other factors, taken into account while fixing the credit limit for a member, the larger the non-agricultural income the larger was the loan to which he was entitled. The procedural arrangements and the loan policy allowed large scope for the loans to be granted to non-cultivators also. In the absence of analytical and systematic methods for calculation of the cash outlay on different crops, the maximum credit limits of members, fixed on the lines indicated above, had little relation to the cultivation expenses. There were no arrangements either for formulation of the loan policy of the central bank by such institutions as the Field Workers' Conference or for preparation of normal credit statements; nor were there built-in checks as the production of a certificate from village officials about the ownership and cultivation of land, and for the creation of a charge in favour of co-operative societies on the land/land rights held by members. Under these circumstances, one could hardly expect the central banks to play the pivotal role ascribed to them under the Integrated Rural Credit Scheme.

In Etawah, the credit limits of members were provisionally fixed by the primary societies almost all of which were of the limited liability type. The quantum of loan to members had little relation to their actual requirements on account of *ad hoc* manner in which the credit limits were fixed. Besides, there was large scope for non-cultivators to avail of credit facilities as in Ferozepur. In the Mahewa Rural Credit Project area, the credit limit for a member was fixed at a level slightly higher than that in the other areas. Loan policy of the central bank was not formulated each year after a public discussion at the Field Workers' Conference, and the quantum of loan to a member was not fixed in relation to the estimated outlay on crops. Loans were not granted in instalments synchronizing with the various stages of crop production, and the dates of repayment were not fixed in relation to the harvesting periods of crops. Thus, the practice of issuing loans on personal security, without insisting on mortgage of land owned by members, did not, by itself, bring the loan policy obtaining in Etawah any closer to the crop loan system because the loan policy and procedure lacked several other essential features of the Integrated Rural Credit Scheme.

In Mandsaur too, there was hardly any attempt on the part of the central bank to reorient its loan policies and procedures. The practice of fixing the quantum of loan to a member in relation to the value of land owned by him continued to exist. Though there was a provision in the Madhya Bharat Co-operative Societies Act, similar to Section 24AA of the Bombay Co-operative Societies Act, under which a charge could be created by the borrower on the land/land rights held by him and on anticipated crops, the loan policy of the central bank in Mandsaur was not reoriented and it lacked many features of the crop loan system.

In Nadia, the so-called 'crop loans' were given in accordance with the rules laid down by the Co-operation Department, and the central banks were assigned an insignificant role of merely disbursing loans. These banks had, as in the case of Ferozepur, practically little voice in determination of credit limits. Though the banks

appointed Supervisors, the responsibility for recovering the crop loans practically vested in the officials of the Co-operation Department. The quantum of loan was fixed in relation to the value of land owned by the members and not in relation to the estimated outlay on crops. Tenants could not obtain crop loans. The loan procedure was lengthy and there were inordinate delays in the sanctioning of loans.

In Gaya, the trading activities undertaken by the central banks under the *Credit Agricole* Scheme resulted in a relative neglect of their normal functions. Further, the central banks which were financially weak and virtually under domination of the Co-operation Department, were not in a position to play the role ascribed to them in the Integrated Rural Credit Scheme.

Thus, among the main defects in the working of central banks revealed by the Survey, mention may be made of:

- (1) domination of individuals in the boards of directors of many central banks;
- (2) high degree of departmental control over the central banks in some districts, as for instance, in Ferozepur and Nadia;
- (3) failure to reorient the loan policy on the lines of the crop loan system;
- (4) weak financial position of central banks, particularly in districts with two or more central banks; and
- (5) the undertaking of trading activities by some central banks.

As a result of these defects many central banks were either not in a position to or did not perform the role expected of them in the Integrated Rural Credit Scheme.

TABLE 20.2—PERFORMANCE OF CENTRAL CO-OPERATIVE BANKS—1956-7

	AMOUNT IN RUPEES PER 100 RURAL CULTIVATING FAMILIES				Proportion of overdues to outstandings including authorized overdues (Per cent)
	Share capital	Deposits	Working capital	Loans advanced during the year	
	1	2	3	4	5
Broach	2,576	13,104	23,748	43,980	5
East Khandesh	2,333	23,422	30,411	39,064	13
Dharwar	1,717	15,991	22,395	18,525	19
Coimbatore	355	4,451	6,949	13,427	—
West Godavari	1,313	4,298	17,504	20,528	2
Ferozepur	613	3,436	7,001	4,502	27
Etawah	565	955	2,018	1,540	46
Mandsaur	469	3,694	4,676	3,562	6
Gaya	27	82	348	164	69
Nadia	192	312	1,505	993	79
Bikaner	9	20	43	14	..

(Source : General Supply Schedule No. 2)

A study of the performance of the central banks in different districts (Table 20.2) in the context of the earlier discussion confirms the view that reorientation of the credit structure on the lines of the Integrated Rural Credit Scheme is a pre-requisite for accelerating the rate of growth of co-operative credit. Thus, in those districts where there was no reorientation in loan policy and in administrative arrangements regarding audit, supervision and inspection, the credit co-operatives were relatively less developed.

#### 20.4 PERFORMANCE OF PRIMARY CREDIT SOCIETIES

##### 20.4.1 Factors to be taken into consideration while assessing the performance

Among the more important factors which need to be taken into consideration while assessing the performance of primary credit societies in general and large size societies in particular, mention may be made of the extent of State effort, performance of central financing agencies, loan policies of central banks and primary credit societies, allocation of functions regarding audit, supervision and inspection, weakness of the co-operative marketing structure, fluidity and hesitancy in State Government policy and the varying circumstances in which individual large size societies were organized.

Firstly, sizeable efforts at reorganizing the primary credit structure and at implementing the Integrated Rural Credit Scheme were made, as was seen before, only in five of the eleven districts, viz., Broach, East Khandesh, Dharwar and in the pilot project areas of Coimbatore and West Godavari. Secondly, only in these five districts the financial position and the scale of loan operations of the central financing agencies were impressive. Domination of individuals and vested interests over some central banks was responsible for the slow development of co-operatives. There was no effective State participation in the management of central banks on the lines recommended by the All-India Rural Credit Survey Committee. In many districts, especially in Mandsaur, Gaya, Nadia and Ferozepur, considerable lethargy in revising the loan policy on the lines indicated in the Integrated Rural Credit Scheme was evident. Of the eleven districts, only in three, namely, Broach, East Khandesh and Dharwar where the Field Workers' Conference laid down the loan policy, it had resemblance to the crop loan system. In Coimbatore and West Godavari, on the other hand, though reorganization of the primary credit structure was attempted, there was little change in the loan policy of the central bank. In the remaining districts, there was little reorientation in the loan policy.

Thus, inadequacy of finance as a result of defective loan policy continued to be a major problem in many districts, though the problem was less acute in Broach, Dharwar and East Khandesh where the crop loan system was introduced under the auspices of the Bombay State Co-operative Bank and in the area covered by the Full Finance Scheme in Coimbatore. But in all other districts including West Godavari, the quantum of loan had little relation to the type of crop grown and the cash outlay on cultivation. This was obviously because of incomplete appreciation of the implications of the crop loan system. Except in a few districts, in no case did the central banks insist on disbursement of loans in instalments nor was there the necessary effort for ensuring disbursement of a

substantial portion of the loans in kind. The position with regard to medium-term loans was still less satisfactory. In Mandsaur and Ferozepur, the loan policy of the central co-operative bank and the arrangements for recovery of loans were such that most of the loans were, in practice, medium-term in nature. On the other hand, in Coimbatore because of the ease with which loans for medium-term purposes could be given, there appeared to be an undue emphasis on such loans which resulted in considerable slackness with regard to the recovery.

An important feature revealed by the loan policies of different societies was that with regard to both short and medium-term loans, the quantum, the duration, the mode and the timing of disbursement had little relation with the credit needs of cultivators. As a result, the co-operative credit system failed to ensure that the loans were always used for the purposes for which they were given.

Assessment of repayment performance of members presented, as seen earlier, a serious methodological problem mainly because of the absence of comparable and reliable data regarding amounts due and authorized and unauthorized overdues, which is due to the variations in the loan policies of central banks and primary societies. Firstly, the question of what loans were due was not uniformly decided by different societies and powers for giving extension for date of repayment of loan were left to the discretion of credit societies. Generally speaking, different societies and central banks followed different policies while granting 'extension'. Secondly, whereas short-term loans predominated in some districts, particularly in Bombay State, many loans were given for medium-term duration in Mandsaur; in Ferozepur, the entire question of overdues was related to the way in which the estimate of amounts due for recovery was assessed by the Sub-Inspectors of the Co-operation Department. Hence, high overdues in a particular society in a district such as Broach did not necessarily indicate that the repayment performance of cultivators in that district was poor as compared to a society, say, from Mandsaur or Ferozepur. In spite of this limitation, it could be said that the repayment performance of members was generally more satisfactory in those districts where the loan policy of the central bank was, more or less, in consonance with the Integrated Rural Credit Scheme and where marketing co-operatives had made substantial progress, as for instance, in Broach.

The most striking feature regarding the recovery of co-operative loans was that in almost all districts there was a deliberate tendency to allow dues to accumulate towards the single yearly point of repayment—any time between January and June. Practically in no case except Dharwar was the due date of repayment linked to the date of harvest. In the absence of well-developed co-operative marketing, there was a general tendency on the part of cultivators to withhold repayment of crop loans to the extent possible. To a large extent, this tendency was a result of inadequacy of co-operative credit and absence of certainty about getting finance in the following year at the same scale as in the current year. Hence, repayment performance of members was largely conditioned by (1) adequacy of loan, (2) timeliness and (3) certainty regarding quantum of loan to be received from co-operatives from year to year.

There appeared to be no uniformity in the policy regarding extension of date of repayment followed by different central banks. In many districts, the policy of giving extension was not followed uniformly even within a district in respect of all the societies which failed to repay on due dates. Thus, in view of the arbitrariness in the policy of the central bank itself, the tendency on the part of cultivators to withhold co-operative loans to the extent possible was aggravated. This could be said to be the major factor responsible for the absence of recovery-mindedness on the part of co-operatives and the tendency on the part of cultivators to delay repayment of loans.

In the context of outdated loan policies and procedures and lack of proper allocation of functions which resulted, as in Ferozepur, in wide powers for officials of Co-operation Department, the central banks were prevented from performing the pivotal role assigned to them in the Integrated Rural Credit Scheme. In Ferozepur, audit, supervision and inspection was practically in the hands of one and the same official of the Co-operation Department, and though there was no State participation of the type recommended, there was considerable State interference.<sup>1</sup> In Ferozepur, Gaya, Nadia, Mandsaur and Etawah, arbitrary fixing of credit limits for societies as also for individuals, the relatively low level of maximum credit limits and relatively less satisfactory procedural arrangements which gave wide powers to Co-operation Department officials weakened the confidence of cultivators about the fairness in the allocation of co-operative funds between different members, affecting thereby the performance not only of large size societies but also of small size societies. Thus, in a situation where the allocation of functions was far from satisfactory and where the central banks were not playing or were not in a position to play the role assigned to them in the Integrated Rural Credit Scheme, mere re-organization of the primary credit structure would hardly facilitate development of co-operative credit.

As will be seen in the subsequent section, no efforts at planned development of marketing co-operatives were evident in any of the districts, except perhaps in Broach. Perhaps in no other field was the performance in regard to implementation of the plans so inadequate as in co-operative marketing. Thus it was noticed that only in Broach about one-third of the produce was sold through co-operatives and that too after processing in co-operatively owned plants. In other districts, namely, Dharwar, Coimbatore and Ferozepur, the marketing societies were no more than commission agency shops, and though a large portion of produce marketed was sold through co-operatives, the working of marketing co-operatives was far from satisfactory. In many districts, as for instance, in Mandsaur and Ferozepur, the marketing co-operatives were mostly dominated by vested interests, particularly traders; State aid and marketing finance received from the central bank was being used for the benefit of private groups.

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<sup>1</sup>In fact, there was considerable State interference in Ferozepur and other districts from northern States, unlike in Bombay where the policy of State participation was accepted as early as in 1950. Criticism of State participation, voiced in some quarters, needs to be examined in the context of the inability of these critics to distinguish clearly between State participation in co-operative institutions and problems of rational allocation of functions regarding audit, supervision and inspection.

In the absence of a clear-cut co-operative development policy of the State Government, the district co-operative officials were always in two minds while taking any decision regarding the organization of societies. Among the several factors adversely influencing the development of co-operatives during the Second Five Year Plan, this was perhaps of crucial importance. For instance, in some districts reorganization of the credit structure was going ahead with full speed until the Registrars informally asked the field workers to stop organization of large size societies. As a result, in some cases for months together after the reorganization of credit structure, the promised State aid did not materialize to those societies which were organized on that basis.

#### 20.4.2 Performance of primary credit societies

The proportion of villages covered by primary societies exceeded 50 per cent in all the selected districts, except Gaya where it was 33 per cent; the proportion was as high as 100 per cent in Dharwar and West Godavari (pilot project area).

Sizeable efforts at reorganizing the primary credit structure and at implementing the Integrated Rural Credit Scheme were made only in five of the eleven districts, viz., Broach, East Khandesh, Dharwar, Coimbatore and West Godavari. The proportion of large size societies to the total number of societies in the above mentioned districts ranged from 59 per cent in Broach to 2 per cent in Coimbatore. In the other five districts—there were no agricultural credit societies in Bikaner—the number of large size societies was very small, there being none in Etawah, only five each in Mandsaur and Gaya, ten in Ferozepur and thirteen in Nadia. Further, in many districts, no efforts were made at reorienting the loan policy of the central bank or at providing trained managerial service to primary credit societies. Many large size societies did not receive upto June 1957 all the types of State aid envisaged in the Integrated Rural Credit Scheme. Further, of the 49 societies, only 24 societies had worked as large size societies for more than one year, while 9 had worked for 6 months to 1 year and 16 societies for less than 6 months; 7 societies were technically treated as large size societies as at the end of June 1957, but they had not even started functioning as large size societies. Thus, while comparing the performance of small size societies with that of large size societies, the circumstances in which the individual large size societies were organized and operated should be taken into consideration.

#### *Type of societies*

The large size societies predominated in Broach, East Khandesh, Dharwar and West Godavari. The proportion of limited liability type of societies to total number of societies was 99 per cent in Etawah and 73 per cent in Gaya; in other districts, unlimited liability type of small size societies were predominant, the corresponding proportion being 98 per cent in Coimbatore, 96 per cent in Ferozepur, 97 per cent in Mandsaur and 95 per cent in Nadia. One-village societies predominated in all districts except Broach, Dharwar, Coimbatore and West Godavari. Number of multi-village large size societies organized through amalgamation was large in West Godavari and that of multi-village large size societies organized by conversion or amendment of by-laws was large in Broach.

The proportion of dormant societies to total number of societies [ISS(1)] was 64 per cent in Gaya, 81 per cent in Nadia and 9 per cent in Mandsaur; in other districts the corresponding proportion was less than 7 per cent. Among the various causes of the dormancy of societies, mention needs to be made of bad management and misappropriation, domination by vested interests and, in some cases, the decline in prices witnessed in the thirties, and in one State, namely, West Bengal, the debt relief legislation. In many dormant societies, the area of operation was very small there being two or more societies in a village, and as they were not in a position to employ full-time trained secretaries, their affairs were not properly managed. Some societies were adversely affected by the overlapping of functions between primary credit societies and other types of societies. Factors such as weakness of the central banks, preoccupation of central banks with trading activities in some cases, defective loan policies and procedures, unsatisfactory arrangements regarding audit, inspection and supervision also had a direct bearing on the unsatisfactory working of some of the primary credit societies. The unsatisfactory working of some of the societies usually resulted in heavy overdues, and in the absence of strict action against defaulters, the financial position of these societies generally deteriorated, and in course of time these societies became dormant.

*Size of societies: Number of villages within the jurisdiction of a society*

Of the 140 working societies, 28 societies were in villages with two or more societies, 80 were one-village societies, while in 25 societies the jurisdiction extended to two to three villages. The jurisdiction of 21 societies extended to four to seven villages and of 17 societies to eight or more villages. Of the 31 dormant societies, 15 were operating in multi-society villages, 13 were single-village and the remaining 3 were multi-village societies.

In Broach, Dharwar and East Khandesh, there was no significant expansion in the jurisdiction of societies as a result of their conversion into large size societies. But in Coimbatore and West Godavari, there was a significant increase in the number of villages in the jurisdiction of many societies as a result of reorganization into large size societies. In Ferozepur, the organization of large size societies led to organization of one-village societies in the case of societies in multi-society villages. There was no large size society in Etawah. In Mandsaur, Gaya and Nadia, though the number of large size societies was very small, jurisdiction of some of the large size societies extended over more than seven villages.

The number of rural families in the jurisdiction was less than 1,000 in the case of 20 large size credit societies, between 1,000 and 2,000 rural families in 15 large size societies and exceeded 2,000 in the remaining 14 large size societies. The number of rural families in the jurisdiction was less than 100 in 15 small size societies (including one for which data were not available), between 100 to 200 in 36 societies, between 200 and 500 in 38 societies and above 500 in 33 societies.

In only 18 out of the 171 societies, membership was 500 and above and in 56 societies it was between 100 and 500. In 33 societies membership was between 50 and

100, while in 64 societies it was less than 50. Of the eighteen societies which had more than 500 members, seventeen were large size societies; twelve of these were from West Godavari and the remaining from Dharwar, Coimbatore and Broach. One small size credit society from West Godavari also reported membership exceeding 500.

Though the proportion of members of co-operatives to total number of families was, generally speaking, higher in the headquarters village of multi-village societies, there were also many cases where the coverage of population by co-operatives was higher in non-headquarters than in headquarters villages. Hence the pattern of distribution of membership needs to be analysed more in the context of the efficiency of the society than in terms of the extent of jurisdiction. The same argument can be held true with regard to the coverage of tenants and small cultivators.

Though, as a general rule, it cannot be said that the performance of large size societies as measured by percentage increase in membership was always superior to that of small size societies, it would not be incorrect to state that though some of the large size societies had worked only for a short time, the performance of some of the large size societies from West Godavari and Broach was remarkable.

### *Membership*

As may be expected, the size of membership of a large size society was generally more than twice that of a small size society. Except in West Godavari, however, the average size of membership of a large size society did not exceed 600. Generally speaking, in those societies where the total membership was small, the management was in the hands of the honorary part-time secretaries, the liability of the members was unlimited, the area of operation was very limited and the Managing Committees were dominated by vested interest groups.

While assessing the performance of primary societies, it is necessary to take into consideration not only the size of the society and quality of management but also other factors such as (1) the duration for which the society had worked as a business-like concern, (2) the circumstances in which the society was placed at the time of organization or reorganization, (3) loan policies and procedures obtaining in the districts, (4) the type of administrative arrangements regarding audit, supervision and inspection, and (5) the extent of development of marketing societies.

The proportion of cultivating families brought within the sphere of credit co-operatives, as revealed by the Listing Schedule data, was between 29 per cent and 42 per cent in those districts, viz., Broach, East Khandesh, Dharwar and West Godavari, where many features of the Integrated Rural Credit Scheme were introduced in the district co-operative development plans. Membership of co-operatives in the three years from 1954-5 to 1956-7 increased in all the selected districts. The order of increase, in terms of percentages, was the highest in West Godavari (106 per cent) and the lowest in Gaya (7 per cent). In other districts, it varied between 16 per cent and 51 per cent. Generally speaking, a relatively large proportion of owner-cultivators,



particularly bigger cultivators, as compared to tenant-cultivators joined the co-operatives. The proportion of tenants who were members of co-operatives ranged between 4 per cent and 24 per cent.

### *Financial position*

Large size societies in Broach and West Godavari had relatively large working capital. In many societies from Ferozepur, Etawah, Mandsaur, Gaya and Nadia, the size of working capital was relatively small. The proportion of large size societies having working capital of Rs 50,000 and above was 97 per cent in the pilot project area of West Godavari, 92 per cent in Coimbatore, 68 per cent in Dharwar and 79 per cent in Broach; the average working capital per member, as revealed by the Consolidated Statistical Statements data, needs to be seen in the context of a relatively higher proportion of large size societies in these districts. It was also noticed that there were some so-called small size societies, *i.e.*, those which were not treated as large size societies by the Co-operation Department, but which had working capital exceeding Rs 50,000; the proportion of such societies to the total number of societies was 12 per cent in Broach, 7 per cent each in Dharwar and Coimbatore and 14 per cent in West Godavari.

Whereas some of the so-called large size societies had relatively small working capital, some of the so-called small size societies had large financial resources. This will be evident from Table 20.3.

TABLE 20.3—FINANCIAL RESOURCES OF SELECTED SOCIETIES<sup>1</sup>

	Dormant societies	PAID-UP SHARE CAPITAL LESS THAN RS 1,000 AND		PAID-UP SHARE CAPITAL BETWEEN RS 1,000 AND RS 5,000 AND		PAID-UP SHARE CAPITAL BETWEEN RS 5,000 AND RS 10,000 AND		PAID-UP SHARE CAPITAL RS 10,000 AND ABOVE	
		Working capital less than Rs 5,000	Working capital Rs 5,000 and above	Working capital less than Rs 20,000	Working capital Rs 20,000 and above	Working capital less than Rs 40,000	Working capital Rs 40,000 and above	Working capital less than Rs 40,000	Working capital Rs 40,000 and above
	1	2	3	4	5	6	7	8	9
Large size societies	—	1	2	1	—	2	4	5	34
Small size societies	31	16	6	42	11	10	1	2	3

(Source : General Supply Schedule No. 1)

<sup>1</sup>Of the 171 selected societies, 40 were purposively selected; details in respect of the selected societies are given in Appendix Tables 15.1 to 15.10.

Whereas in some districts such as West Godavari and Broach, systematic efforts at organizing large size societies were made, in a few others, as for instance, East

Khandesh, some existing small size societies were merely classified as large size societies unaccompanied by any efforts at actual reorganization of the working of the societies. Further, in some of the so-called large size societies, the outstanding dues from the defaulting members were not recovered at the time of reorganization or amalgamation. Hence, many of the so-called large size societies never had a clean start.

In only 17 out of 49 large size societies there was State contribution to share capital. Even in societies where the State nominees were appointed, there was no effective State participation as the State nominees were, in many cases, overworked departmental officials who could not attend the meetings regularly.

Most of the societies with very poor financial position were one-village societies which were either badly managed by the honorary secretaries or were dominated by vested interests like landlords, moneylenders, etc., or were in the backward or scarcity affected areas. In Gaya, the central banks which were preoccupied with the distribution of fertilizers were themselves partly responsible for the unsatisfactory working of primary societies. This is evident from the fact that even some of the so-called large size societies were merely fertilizer distributing agencies.

#### *Loan operations*

Of the 140 working societies, average amount advanced per member was Rs 300 and above in 27 societies, of which 19 were large size societies. Out of 61 societies in which average amount advanced per member was between Rs 100 and Rs 300, 17 were large size societies. Out of 41 societies in which average amount advanced was less than Rs 100, 30 were small size societies.

Many societies in which sizeable loans were advanced were large size societies and many societies in which the magnitude of loans was small were small size societies. Besides inefficient management, among the other factors responsible for low level of advances, mention may be made of (1) domination of societies by vested interest groups, (2) tendency to give extension in respect of date of repayment, (3) temporary delay in repayment of loan due to failure of crops consequent on unseasonal weather, and finally (4) defects in loan policies and procedures.

The relative importance of various types of loans, viz., short-term production, medium-term and pledge advances (marketing), varied significantly from one district to another. Whereas in Broach, East Khandesh and Dharwar, there was greater emphasis on short-term loans, in Coimbatore and Mandsaur medium-term loans were more important than short-term loans. As was seen earlier, in Ferozepur, most of the so-called short-term loans were, in effect, medium-term loans, while in Gaya, short-term loans were generally in the form of fertilizer loans, and most of the cash loans were for medium-term purposes. The relatively greater emphasis on medium-term loans in some districts and that on short-term loans in others only confirms the conclusions referred to earlier that in almost all the districts, the scales of finance were not analytically worked out and that the loan policies of central banks and primary credit societies were not reoriented on the lines of the Integrated Rural Credit Scheme.

It will be observed that the prevailing levels of rates of interest were high in Nadia where about 52 per cent of the total borrowings was at rates of interest higher than 25 per cent. The position was slightly better in Gaya and Etawah where about 10 per cent of the borrowings were at rates of interest higher than 25 per cent. Levels of rates of interest in Ferozepur and Mandsaur were slightly lower than in the districts mentioned above. In Broach, East Khandesh, Dharwar, Coimbatore and West Godavari, where co-operatives were relatively better developed, the rates of interest were relatively low as compared to other districts.

In some districts, there was evidence to indicate that loans from co-operatives were used for purposes other than those stipulated; this, however, needs to be studied in the context of divergence between the policy recommended in the Integrated Rural Credit Scheme and that actually obtaining in the selected districts. In practically no district, all the important features of the Integrated Rural Credit Scheme (and crop loan system) were introduced. It is, therefore, not surprising to find that sometimes co-operative funds were being utilized for purposes other than those stipulated.

### Management

The arrangements regarding employment of secretaries varied from district to district. Whereas in many districts an honorary or a paid secretary was employed, in Mandsaur group secretaries were appointed by the central banks. In some of the National Extension Service Blocks of Etawah, Village Level Workers were acting as secretaries. Details regarding the status of secretaries are given in Table 20.4.

TABLE 20.4—STATUS OF SECRETARIES

	Total	Dor- mant socie- ties	SOCIETIES IN WHICH SECRETARY WAS							No Secret- ary
			FULL-TIME		PART-TIME		Group secret- ary	Village Level Worker	Hono- rary secret- ary	
			Train- ed	Un- train- ed	Train- ed	Un- trained				
	1	2	3	4	5	6	7	8	9	10
Large size societies	49	—	31	5	7	3	1	—	2	—
Small size societies	122	31	7	—	18	7	14	4	36	5

(Source : General Supply Schedule No. 1)

In a large number of societies, accounts were badly kept. In the case of only 34 out of 49 large size societies, accounts were properly maintained. Of the 91 small size societies (31 societies being dormant) in the case of 57, accounts were badly kept.

Even with regard to the management of the societies, the position was not always satisfactory. In many cases the defaulting members continued to be on the managing committees and in the case of several other societies, traders, moneylenders or shopkeepers were on the managing committees.

Most of the selected small size societies in the selected districts employed untrained honorary secretaries or overworked part-time secretaries who did not maintain the accounts properly. The instances of mismanagement, improper disbursement of loans, partiality in fixing credit limits, in disbursement of loans and in recovery of loans, were thus found in many small size societies, particularly in Ferozepur, Etawah, Mandsaur, Gaya and Nadia. In general, it may be stated that domination by one or two big families from the village or by traders or moneylenders was more commonly met with in those districts where the management of the society was looked after by untrained or honorary secretaries and especially in those areas where the procedural arrangements regarding sanctioning and disbursement of loans were not on the lines envisaged in the Integrated Rural Credit Scheme.

### *Recovery of loans*

The main reasons for the high overdues position in many societies were as under:

1. Domination over societies by one or two individuals who did not follow the rules and procedures regarding loan operations;
2. bad management of societies by honorary secretaries or by chairmen in the absence of secretaries;
3. inability of the credit societies to take prompt action against defaulters;
4. lethargy on the part of managing committees to run the institutions as business-like concerns;
5. adverse seasonal conditions during the year resulting in high overdues at the end of the year, although the societies were fairly well-managed in some cases;
6. absence of a well-developed co-operative marketing structure which could facilitate inter-linking between credit and marketing and ensure proper recovery of loans;
7. insignificant role given to managing committees of the primary credit societies, as for instance, in some societies from Mandsaur and the Mahewa Rural Credit Project area of Etawah, where the group secretaries or other employees of the central banks working on a part-time basis were practically performing the functions of the managing committee and the secretary;
8. defects in the methods of fixing credit limits and procedures for disbursement of loans;
9. inadequacy of loans for the purposes for which they were given;
10. improper timing of loans;
11. failure on the part of societies to give loans in kind and in instalments;

12. improper fixation of dates of repayment;
13. absence of uniformity in the policy of the central banks in regard to giving of 'extension' for date of repayment, and
14. undue delay in taking action against defaulters.

That the performance of co-operatives in those districts where many features of the Integrated Rural Credit Scheme (and the crop loan system) were introduced was superior to that of co-operatives in other districts is seen from Table 20.5.

TABLE 20.5—PERFORMANCE OF AGRICULTURAL CREDIT SOCIETIES

	Proportion of large size societies to total number of primary agricultural credit societies (Per cent)	Percentage increase in membership of agricultural credit societies in 1956-7 over 1954-5	Loans advanced per 100 rural cultivating families in 1954-5 (In hundreds of rupees)	Loans advanced per 100 rural cultivating families in 1956-7 (In hundreds of rupees)	Percentage increase in loans advanced during the year 1956-7 over 1954-5	Percentage increase in working capital in 1956-7 over 1954-5	Proportion of overdues to out-standings (Per cent)
	1	2	3	4	5	6	7
Broach	59	+ 21	109	197	+ 84	+ 70	5
East Khandesh	16	+ 16	103	143	+ 40	+ 30	22
Dharwar	17	+ 23	38	98	+165	+ 72	48
Coimbatore	2	..	27	45	+ 70	+ 51	11
West Godavari	15	+106	52	158	+211	+174	7
Ferozepur	1	+ 25	30	42	+ 42	+ 48	41
Etawah	—	+ 51	8	13	+ 66	+ 43	39
Mandsaur	1	+ 28	10	27	+194	+100	14
Gaya	—	+ 7	1	1	+ 48	+ 30	67
Nadia	2	+ 30	7	5	— 29	+ 20	73

(Source : Consolidated Statistical Statements)

Among the important factors that contributed to the growth of co-operatives in some districts, mention must be made of (1) the progressive role played by the central bank, (2) the satisfactory manner in which the institution of the Field Workers' Conference functioned, especially in reviewing and revising loan policies and giving commendable lead on important issues such as undertaking of marketing of produce by credit societies, and (3) co-ordination between the departmental agencies and the central financing agency.

In conclusion, it may be said that the working of many of the large size societies was satisfactory, though there were some whose performance was not upto expectations. In many small size societies, especially in Ferozepur, Etawah, Mandsaur, Gaya and Nadia, the quality of performance was generally poor. This will be evident

from Table 20.6 which gives the classification of societies according to the quality of performance judged in relation to various factors such as:

1. Proportion of members to total number of resident cultivating families;
2. increase in membership during the three years 1954-5, 1955-6 and 1956-7;
3. volume and growth of share capital, deposits, working capital, loan operations, extent to which short-term loans were given in kind and in instalments, and whether there was provision for medium-term loans;
4. recovery of loans;
5. inter-linking between credit and marketing;
6. the way in which accounts were kept and the way in which the society was managed as assessed by the investigation staff, and finally,
7. audit classification.

TABLE 20.6—EXTENT OF DEVELOPMENT OF CO-OPERATIVES IN THE SELECTED DISTRICTS

	OF THE TOTAL NUMBER OF SELECTED SOCIETIES					
	SMALL SIZE SOCIETIES			LARGE SIZE SOCIETIES		
	Which were dormant or not working satisfactorily	Whose working was of an average standard	Which were working well	Which were not working satisfactorily <sup>1</sup>	Whose working was of an average standard	Which were working well
	1	2	3	4	5	6
Broach	3	2	1	—	2	8
East Khandesh	1	5	5	—	1	2
Dharwar	3	2	4	1	2	4
Coimbatore	6	6	3	—	—	4
West Godavari	—	3	2	1	2	11
Ferozepur	11	5	—	1	1	2
Etawah	7	10	—	—	—	—
Mandsaur	2	8	4	—	1	1
Gaya	13 <sup>2</sup>	2	—	3	—	—
Nadia	13 <sup>2</sup>	1	—	1	—	1

(Source : General Supply Schedule No. 1)

<sup>1</sup>No dormant society.

<sup>2</sup>About 64 per cent and 81 per cent of the agricultural credit societies in Gaya and Nadia, respectively, were estimated to be dormant on the basis of data collected in ISS(1).

Thus, it may be stated that the performance of co-operatives was better generally in areas where (1) the crop loan system was in vogue, (2) the number of large size societies was high and (3) sizeable attempts, though of varying magnitude, were made at introducing the Integrated Rural Credit Scheme.

This does not necessarily indicate that the scale of operation of the societies is the only clue for successful working of co-operatives, as the Integrated Rural Credit Scheme was introduced only in those areas which were promising from the point of view of co-operative development and in some cases the large size societies were endowed with larger resources. The evidence collected, however, appears to indicate that multi-village societies which had sizeable financial resources and which were in a position to employ full-time trained secretaries showed greater progress in regard to membership, volume of loan operations and recovery performance.

### 20.5 CO-OPERATIVE MARKETING SOCIETIES

Under the Integrated Rural Credit Scheme, the marketing co-operatives have been assigned an important role. These societies are to arrange for the sale of produce of members of the primaries, to provide pledge finance against produce brought by members and also to recover on behalf of the primary credit societies the crop loan advanced to members from the sale proceeds. The scheme thus envisages better facilities for marketing the produce of members of co-operatives and at the same time provides member-cultivators interim accommodation, pending sale, in the form of pledge finance which increases their bargaining power.

With the introduction of the crop loan system and the fixation of scales of finance in relation to the cash outlay on different crops—estimated on a systematic basis—the Integrated Rural Credit Scheme envisaged that the credit needs of cultivators for cultivation expenses would be met to a large extent by co-operatives, reducing thereby their dependence on the private moneylender-cum-trader. The increase in co-operative credit contemplated further emphasizes the need for development of a strong co-operative marketing organization. It is, however, observed that sizeable efforts have not been made, except in a few districts, at developing marketing co-operatives, as is evident from columns 5 to 8 of Table 20.1. Thus, as compared to the development of credit co-operatives, despite the variations in the rate of progress, the development of marketing co-operatives appeared to be far from satisfactory.

Admittedly, the problems in developing marketing co-operatives are relatively more complicated and demand more careful analysis of the difficulties faced and prompt efforts for their solution. Analysis of the data collected in the Survey indicated that the scope and magnitude of efforts in planning and implementing the schemes for development of marketing co-operatives stood little comparison with those for development of credit co-operatives, though both the schemes formed an integral part of the Integrated Rural Credit Scheme. Many of the so-called marketing societies were doing little more than distribution of agricultural requisites and sometimes disbursement of pledge finance on a limited scale. It may also be said that the gap between the targets and the achievements, whether with regard to the number of marketing

societies organized/reorganized or with regard to the number of cultivators brought in their sphere, was perhaps much wider as compared to that in the case of credit co-operatives.

At the same time, it cannot be denied that the weakness of credit co-operatives was a hindrance to the further growth of marketing co-operatives. A significant proportion of the cultivating families was not covered by co-operatives and even in the case of those so covered, a sizeable proportion had to approach private credit agencies for credit. The very dependence of cultivators on private credit, which is an index of the weakness of co-operatives, forced them to sell their produce through traders. The rapid development of marketing co-operatives in Broach can be appreciated if seen in the context of expansion of co-operative credit after the initiation of the pilot project and consequent liberalization of the central bank's loan policy. Thus, the development of co-operative credit and marketing are complementary to each other. Whereas a weak co-operative marketing structure retards further development of credit co-operatives, it is equally true that a weak co-operative credit structure impedes development of marketing co-operatives.

As observed earlier, co-operative marketing was well<sup>1</sup> developed only in Broach where it was backed up by co-operative processing. In East Khandesh and Dharwar, though marketing co-operatives were developed to some extent, the progress in this regard was not equally satisfactory. In Gaya, where supply of sugarcane to privately owned sugar mills was regulated under the legislative provisions, a substantial portion of sugarcane was sold through marketing co-operatives. In other districts, co-operative marketing was relatively undeveloped.

In Broach where 51 per cent of the produce of members was sold through co-operatives, all the constituent parts of the co-operative marketing structure, viz., the co-operative marketing union at the district level, which acted as a federal agency for dealing with private buyers from Bombay and Ahmedabad, the primary marketing societies which were assembling, pooling and processing the produce for sale and primary credit societies which had direct connexion with members, worked in full co-ordination with each other. A part of the financial aid received in the form of State contribution to share capital was also used by some of the societies for construction or acquisition of ginning and pressing plants. The central bank played an important part in the Field Workers' Conference during the discussions on policy regarding the structure and working of marketing co-operatives.

It may, however, be noted that the development of marketing co-operatives in Broach was facilitated to a large extent by the highly commercialized nature of the agricultural economy as also by greater emphasis on the spread of only one or two important and improved varieties of cotton. Under the powers conferred by legislative enactments, the office of the Cotton Superintendent was in a position to ensure cultivation of pure varieties of cotton. For this purpose a detailed record was maintained by the staff of the Cotton Superintendent in respect of each cultivator regarding the area under improved variety, the quantity of seed supplied, the



estimated produce, etc. This record enabled the co-operatives to disburse pledge finance only to the actual growers and to prevent marketing finance flowing to cultivator-cum-petty traders and others.

On the other hand, in East Khandesh co-operatives were hardly in a position to handle large quantities of produce, except in the case of marketing of fruits. It was difficult to find sufficient number of trained personnel with necessary business acumen for management. Marketing co-operatives faced another serious problem, viz., trade credit, as co-operative processing was hardly developed. Thus, cotton marketing co-operatives with a shop in the yard of the regulated market performed little more than the function of an ordinary commission agent.

The problems faced by cotton marketing co-operatives of Dharwar were also similar. The societies arranged for sale of raw cotton in open auction in regulated market yards. The societies had to extend trade credit almost under compulsion to purchasers on which no interest could be charged. The purchasers, who were either buyers from Bombay or local traders, processed cotton (*Laxmi* and *Jayadhar*, which are improved varieties) in privately owned gins and presses, and in this process more often than not mixed them with inferior varieties. The marketing co-operatives not having gins/presses of their own and also not having a direct contact with Bombay buyers were at the mercy of these cotton purchasers. The reputation of Karnatak cotton was not very good in the Bombay market and this cotton did not fetch a fair price. This can be ascribed partly to inadequate supervision at the time of ginning and pressing and partly to big cultivator-cum-traders from the rural areas who mixed different varieties of cotton. In the absence of an effective check on the disbursement of pledge finance, many big cultivator-cum-traders who bought produce from small cultivators and sold through marketing co-operatives availed of pledge finance to the virtual exclusion of small cultivators. Thus, co-operative marketing of cotton as obtaining in Broach under which pure varieties of cotton were pooled together and sold after processing stood in direct contrast to that obtaining in Dharwar. Problems faced by paddy marketing co-operatives in Dharwar also point out the conditions necessary for development of co-operative marketing. Because of defects in the location of marketing societies in relation to established *mandis*, improper or unsatisfactory arrangements for assembling of produce, absence of necessary procedural arrangements for ensuring proper disbursement of pledge finance, inadequate representation to credit co-operatives on the management of marketing co-operatives and absence of effective State participation and nomination, the marketing co-operatives were virtually dominated by private trading and processing interests.

The marketing societies in Coimbatore confined themselves to auction-sale of members' produce in the regulated markets. One of the selected societies did not at all undertake marketing. Two other societies confined their activities to export of chillies because it involved practically no risks. However, it was observed that only a few enterprising families secured the benefits and no attempt was made to

bring in larger number of chilly growers. All the selected societies had predominance of individuals in their membership and many of them were traders. The two societies which undertook marketing of members' produce could not achieve any notable success. It appeared that the societies were dominated by powerful vested interests which impeded their progress.

In West Godavari, the marketing societies were mainly engaged in provision of pledge finance to cultivators and did not help members to sell their produce. There were no regulated markets for paddy in the district. Thus they helped the cultivators only to hold on to their produce so as to get over the need for selling their produce immediately after the harvest when prices showed a seasonal drop. None of the marketing societies in this district had made any arrangements, formal or informal, with the primary societies for the recovery of loans given by the latter to their members from sale proceeds of the produce of members. On the contrary, credit societies, both large size and small size, also granted pledge loans to members against agricultural produce. During the Survey year there was no rice mill in the co-operative sphere. Many of the privately owned rice milling units were located at convenient points all over the district near the producing centres, the owners of which were the buyers of paddy. The marketing societies on the other hand were located at marketing centres, and they did not have processing plants either. In the absence of proper inter-linking between credit and marketing societies, the former were not assembling their members' produce. Thus if a cultivator wanted to sell his produce, he had to bring it first to the credit society or the marketing society to get pledge finance. Then he had to make his own arrangements to sell it. Thus, the function of the marketing society was nothing more than that of providing pledge finance. Even in the pilot project area where the primary credit structure was reorganized on the lines recommended in the Integrated Rural Credit Scheme, the cultivators could not take full advantage of it, particularly that of sale of produce by pooling, because the marketing co-operatives continued to be weak in the absence of co-operative processing plants. The marketing societies were thus not in a position to offer any service to the producers. Another point that may be mentioned is that the marketing societies in West Godavari were born out of the producer-cum-consumer societies which were dominated by individual members. There was, thus, a preponderance of individuals in all the marketing societies from the very start facilitating thereby the entry of cultivator-cum-traders into the co-operative fold, which adversely affected the growth of co-operative marketing.

In Ferozpur, many marketing societies had such facilities for development as existence of regulated markets and good communication facilities and processing units. In spite of these favourable factors, they had made little headway partly because of domination by individual traders and vested interests and partly because of the weak co-operative credit structure. The extent of domination was such that some societies admitted even minors with a view to increasing the voting strength of the ruling group. In one society attempts were made to put restrictions on admission of new members. In another society it appeared that the processing activities were

undertaken as if for the benefit of the president. There was, therefore, no attempt to provide marketing services to cultivators with a view to helping them secure better prices and reduce costs. Apparently, the marketing societies were used as convenient centres for assembling the produce of members and non-members for the benefit of the enterprising traders and big cultivator-cum-traders, who sponsored them.

In Etawah, the block development unions were expected to undertake marketing of the produce of members of the affiliated credit societies. But this particular activity remained on paper as these unions were busy with activities other than marketing. Thus the unions continued to perform mainly the functions relating to distribution of fertilizers and seeds among the affiliated societies as agents of the District Co-operative Federation.

The working of co-operative marketing societies in Mandsaur was not in any way satisfactory. The selected society was located at a centre which was not even a big marketing centre, and its membership consisted mainly of individuals. The domination of traders over the working of the society was complete. Traders secured not only pledge advances against agricultural and non-agricultural produce but also trade credit. Thus the society functioned as a financing agency for the benefit of traders.

In Gaya, the cane unions enjoyed a peculiar position in the co-operative marketing structure. The sugarcane growers were assured, under the Bihar Sugar Factories Control Act, 1937, of a market for their produce at a price fixed by the Government. Although some improvement was made in the field of co-operative marketing of cane, the conflict between the cane unions representing the co-operative interests and the privately owned factories was, to a large extent, preventing the growth of co-operative marketing. Because of the interference in the internal working by outside interests such as privately owned sugar factories, political groups and others, the cane unions were ridden with party factions and group rivalries. The delineation of 'reserved' and 'assigned' areas was many times influenced by interests representing the privately owned sugar factories rather than by actual surveys as provided in the Act. The distribution of coupons to societies, it was reported, depended on the political complexion of the managing committees. The cane societies were independent of the credit and marketing co-operatives, and operating as they were under two wings of the Government, there was no co-ordination between them. The cane co-operatives confined themselves to purely marketing, and ordinarily production finance was not provided by them. Further, as the co-operative credit structure was not well developed and processing of agricultural produce was in the hands of private interests, the cultivators were dependent on private moneylenders and traders. Co-operative marketing of other crops in the district was conspicuous by its absence.

In Nadia, there was a marketing society which undertook credit activities also. The headquarters was, however, not properly located as it was organized in haste by the

Directorate of Marketing. The society undertook marketing of produce on a very restricted scale. One of the reasons for the weak co-operative marketing structure was that processing of jute, an important crop of the area, presented a comparatively difficult task and the society could do no more than act as an intermediary. Further, attempts made at development of co-operative marketing were not very fruitful as the marketing societies were under the dual control of Agriculture and Co-operation Departments.

#### 20.6 LAND MORTGAGE BANKS

Land mortgage banks functioned only in the districts selected from Bombay, Andhra Pradesh, Madras and Mysore. Of the remaining six districts, in four there was no provision in the district development plans for the organization of primary land mortgage banks, and in the remaining two there was no provision for the organization of these banks in 1956-7. In the five districts, viz., Broach, East Khandesh, Dharwar, Coimbatore and West Godavari, it was found that organization and growth of land mortgage banking did not keep pace with the development of short-term co-operative credit. The extent of State effort in developing land mortgage banks also did not compare favourably with that for short-term co-operative credit structure. There appeared to be little inter-relationship between the co-operatives providing short-term finance and the land mortgage banks. The loan policy of the land mortgage banks was not always reoriented on the lines recommended in the All-India Rural Credit Survey Report. And lastly, in the absence of necessary provisions in the land reforms legislation to provide adequate safeguards to land mortgage banks, the growth of these institutions was considerably hampered.

#### 20.7 INDUSTRIAL CO-OPERATIVES

Amongst the industrial co-operatives for various cottage industries, only the handloom co-operatives appeared to have made some progress in the selected districts. The main problems faced by the societies were the domination by master-weavers in some societies, production of the right type of products for sale and finally, development of a strong co-operative marketing organization for sale of their products. Thus the major problem was one of reorganizing the structure and working of handloom co-operatives.

#### 20.8 CO-OPERATION DEPARTMENT

The efficacy of the Co-operation Department officials at the district level in formulation and implementation of the co-operative development plans was examined earlier under the following heads, viz., State partnership, development plans and their execution, and general superintendence and guidance.

State partnership has two main aspects, viz., partnership in share capital and partnership in management. In regard to the former, it was noted earlier that in some districts the targets fixed were not achieved or the allotted funds remained unutilized with the State Governments or with the state co-operative banks pending finalization of rules or formalities.

In regard to State partnership in management, the steps taken by the Co-operation Departments were very inadequate. In very few large size societies had State contribution to share capital been actually made and in only a few, had State nominees been appointed.

As regards the co-operative development plans and their implementation, not always was adequate attention paid by the Co-operation Departments in selecting societies for conversion into large size ones or for sanctioning loans and subsidies for construction of godowns or for appointment of managerial staff. It also appeared that there was no uniform policy for selecting institutions at the primary level for State partnership. For instance, some of the societies which were converted into or amalgamated to form large size societies had heavy overdues or cases of misappropriation and embezzlement were pending, with the result that they did not have a proper start. This was a feature met with in many districts. In Nadia, organization of large size societies was taken up without settling the outstanding issues faced by societies in the area of their operation, which presented some difficulties. The problem of overlapping of functions and jurisdictions between credit and marketing societies was fairly acute in Broach and Etawah. In Broach, however, steps were reported to have been taken in the year following the Survey year to solve it. In Gaya and Etawah, there were several instances of some individuals being members of and borrowing at the same time from more than one society. There were also instances of non-members receiving loans from societies. Thus, with regard to solution of such problems as overlapping of functions and rationalization of rules and procedures, the role played by the Co-operation Departments was not always effective.

It was seen that the development of co-operative marketing and processing was significant only in one district, namely, Broach. This was largely due to the joint efforts made by the officials of the Co-operation Department and the central bank to remove the impediments, to provide the necessary guidance and direction and to supply financial and other assistance. In the other districts, such joint efforts were not made and/or they lacked sufficient drive and enthusiasm. Neither the location of headquarters of marketing societies nor the arrangements regarding linking of credit societies with marketing societies were decided upon after a study of the normal trade channels. For instance, in West Godavari as the credit societies were not acting as agents of marketing societies, the latter could hardly attract any business. In Dharwar, Mandsaur and Ferozepur, no efforts were made to establish a proper link between the marketing and credit societies. Not even assistance in the form of advice regarding procedure to be followed, proforma of statements to be exchanged between credit and marketing societies was extended to them. Except in Broach, co-operative processing had practically received no attention and there was not even adequate provision for organization of processing co-operatives in the district co-operative development plans.

In regard to the general guidance extended by the Co-operation Department, it was noted earlier that it was sometimes inadequate in many districts. Some of the important aspects such as the linking of credit and marketing, demarcation of the jurisdiction and functions of different types of societies, enunciation of the rights and duties of the State nominees, reorientation of loan policies of the central banks, rationalization of loan procedures, etc., did not receive adequate attention from the Co-operation Department, though this was necessary if a rapid all-round progress of the Co-operative Movement was to be brought about. Speedy action was some times lacking in regard to liquidation, arbitration and execution of awards. This resulted in heavy overdues and in the continuance of dormant societies, both of which features adversely affected the growth of co-operative credit.

In order to emphasize how far this fallshort of what had been contemplated, it may be useful to conclude with the following quotation from the General Report of the All-India Rural Credit Survey :—

“It is of the essence of the measures..that they deal with a problem which is conceived as one of development rather than of reorganization. The development envisaged is that of co-operative credit, of co-operative processing, marketing, etc., along with storage and warehousing, and of co-operative banking facilities. In none of these spheres does the main task seem to us to be one of mere reorganization of existing institutions ready at hand and more or less adequate, or even of the establishment of one or more new organizations at the all-India or State levels which may then be expected to look after the job without causing too much trouble to too many people. A simple and relatively comfortable solution can hardly be expected, or appropriately offered, if we are anywhere near correct in our reading of the problem as something which goes deep down into the socio-economic structure of rural India and is intimately related to the maladjustment of that structure with the country's economy, administration and institutional development as a whole. The solution must, therefore, take into account many types of existing institutions and many aspects of governmental working and policies. Only the most determined effort on a country-wide basis and at all levels can, in course of time and by an arduous process of change and modification, bring about those minimum conditions in which the residual elements of the problem will begin to assume a more normal aspect.”



## APPENDICES





## APPENDIX 1

### GLOSSARY

Adjusted debtor :	A debtor whose debts to creditors were adjusted under the Bombay Agricultural Debtors Relief Act, 1947.
<i>Ahar</i> :	An <i>ahar</i> is an artificial catchment basin or reservoir for rain water to be used for irrigation purposes.
<i>Aman</i> :	<i>Aman</i> rice is the winter rice crop of West Bengal. It is generally sown during May to August and harvested during November to January.
<i>Aus</i> :	The autumn rice crop of West Bengal is known as <i>aus</i> rice. The sowing generally takes place during April to July and harvesting during July to October.
<i>Bet</i> :	Water-logged soil along the river.
<i>Bhil/Adivasi</i> :	A scheduled tribe generally inhabiting the eastern region of Broach District.
Consolidated Statistical Statements data or C.S.S. data :	These data are compiled in the district offices of the Co-operation Department on the lines of the proformae prescribed by the Reserve Bank of India for the "Statistical Statements relating to the Co-operative Movement in India" published annually by the Reserve Bank. The data relate to the district as a whole and are sum total of figures for individual types of co-operative societies. The period of reference for these data is July to June.
Cultivating families :	Cultivators of land wholly or mainly owned (and their dependants) and cultivators of land wholly or mainly unowned (and their dependants), as defined by the 1951 census.
<i>Doras</i> :	A type of soil containing clay and sand, almost in equal proportions.

General Demand Schedule  
No. 1 also referred to as  
GDS(1) data :

Data collected in the General Demand Schedule  
No. 1.

General Supply Schedule  
No. 1 also referred to as  
GSS(1) data :

Data collected in the General Supply Schedule  
canvassed among all the selected credit societies.

*Ghar* :

The area between the rivers Jamuna and Sengar  
in Etawah district.

*Gur* :

Raw (unrefined) sugar made from Sugarcane.

Intensive Supply Schedule  
No. 1 also referred to as  
ISS(1) data :

Data collected in respect of about 200 societies  
from each of the selected districts from the records  
maintained by the district co-operative officials  
for the purpose of the "Statistical Statements  
relating to the Co-operative Movement in India."

Intensive Supply Schedule  
No. 2 also referred to as  
ISS(2) data :

Data collected in Intensive Supply Schedule  
No. 2 from selected members of selected credit  
societies.

*Kewal* :

Type of stiff clay soil which retains moisture for a  
long period.

*Kharif* :

An important crop season of the country. *Kharif*  
crops are generally sown with the beginning of the  
South-West monsoon (May to July). The harvest-  
ing season of these crops is generally September to  
October, but may continue upto November. The  
principal *kharif* crops are cereals such as rice,  
jowar, maize and bajra, pulses such as *mung*, *tur*  
and *urid*, and cash crops such as castorseed,  
sesamum, groundnut, cotton, jute, sugarcane and  
tobacco. In some areas, cotton, rice, jowar, rape  
and mustard oilseeds, etc., are sown during  
August to September and harvested during  
December to January. This crop season is known  
as *zaid kharif*.

Large size society :

A primary co-operative credit society designated  
as such by the district co-operative officials.

<i>Mandal :</i>	Unregistered association of farmers which used to distribute seed under the cottonseed multiplication scheme and also sometimes marketed the produce.
<i>Nala :</i>	A small stream, a rivulet, a brook.
<i>Pachar :</i>	The area to the north-east of the Sengar river in Etawah district.
<i>Parapatti :</i>	The area which extends to the south of the Jamuna in Etawah district.
<i>Pauru :</i>	A loamy type of soil with a small proportion of sand.
<i>Peta :</i>	A revenue unit area. A part of a district smaller than a taluka.
<i>Rabi :</i>	Like <i>Kharif</i> , <i>rabi</i> is an important crop season of the country. <i>Rabi</i> crops are generally sown at the beginning of winter season, i.e., during October to December. The harvesting of <i>rabi</i> crops generally takes place during February to April or may continue upto May. The principal <i>rabi</i> crops are wheat, barley, oats, potatoes, gram, linseed, mustard and peas. In some areas, minor crops (e.g., jowar and maize for fodder) are generally sown during February to March and harvested during April to June. This crop season is called <i>zaid rabi</i> .
<i>Regar :</i>	The rich black cotton soil with high organic matter. Also called <i>regur</i> .
<i>Retla :</i>	Sandy soil.
<i>Rohi :</i>	Reddish brown soil.
Rural cultivating families :	Cultivators residing in rural areas. For the purpose of Survey all families who cultivated any piece of land, owned or leased, other than small garden plots, were classified as cultivating families. Owners of tea, coffee and rubber plantations who did not cultivate other crops were not included among cultivators. However, where the term is used in relation to 1951 census data, it refers to

cultivators of land wholly or mainly owned and cultivators of land wholly or mainly unowned and residing in rural areas. Cultivators of land residing in urban areas are excluded.

**Rural families :**

All families residing in the rural areas.

**Small size society :**

A primary co-operative credit society designated as such by the district co-operative officials.

***Taccavi :***

Government assistance to agriculturists in the form of loans for land improvement and other agricultural purposes or for relief of distress in times of floods, famine and such emergencies.

**Tahsil :**

A revenue unit area. A part of a district allotted to a revenue official (Tahsildar) in the Northern States (e.g., Uttar Pradesh, the Punjab) ; also called taluk and taluka.

***Thana :***

A revenue unit also called police station as it covers an area within the jurisdiction of a police station. A part of a district allotted to a revenue official (Circle Officer) in the north-eastern States (e.g., West Bengal, Bihar, etc.). It is akin to a tahsil, taluk or a taluka in other States.

**Trade credit :**

Credit extended by marketing co-operatives to purchasers in the form of facilities for taking delivery of produce without immediate payment in cash.

***Usar :***

Sandy fallow land.

## PERFORMANCE OF MEMBERS OF CO-OPERATIVE CREDIT SOCIETIES AND OTHERS

One of the questions in the Listing Schedule, through which all households in the selected villages were canvassed, related to the membership of co-operative credit societies. The information obtained in reply to this question was used for classifying the selected cultivating families into two categories, viz., members of co-operative credit societies and others, hereafter referred to as members and non-members respectively. Some of the data were tabulated separately for members and non-members to examine whether there was any difference in the performance of these two groups.

In Table 1, the Listing Schedule data relating to the composition of members and non-members in terms of 'owner cultivators', 'tenant cultivators' and 'owner-cum-tenant cultivators' are presented. Owner cultivators, by definition, included families who cultivated only land owned by them. Families who cultivated only land taken on lease were classified as tenant cultivators, while families who cultivated owned land as well as land taken on lease were grouped together as owner-cum-tenant cultivators.

**TABLE 1—COMPOSITION OF MEMBERS AND NON-MEMBERS IN TERMS OF  
OWNER CULTIVATORS, TENANT CULTIVATORS AND OWNER-CUM-TENANT  
CULTIVATORS**

District	Proportion of members of co- operative credit societies among culti- vating families	MEMBERS			NON-MEMBERS		
		Owner cul- tivators	Tenant cul- tivators	Owner- cum- tenant cul- tivators	Owner cul- tivators	Tenant cul- tivators	Owner- cum- tenant cul- tivators
		(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Per cent)
	1	2	3	4	5	6	7
Nadia ...	14.9	58.4	3.4	38.2	63.6	12.3	24.1
Gaya ...	9.5	78.9	5.3	15.8	72.4	12.4	15.3
Etawah ...	25.5	5.1	49.8	45.1	5.0	63.9	31.1
Ferozepur ...	21.4	26.2	7.9	65.9	31.9	25.6	42.4
Bikaner ...	—	—	—	—	85.1	6.3	8.6
Mandsaur ...	23.7	83.1	0.8	16.1	83.8	5.2	11.0
Broach ...	34.4	56.0	4.7	39.3	56.3	18.9	24.7
East Khandesh ...	41.0	73.3	3.0	23.7	76.8	11.8	11.4
West Godavari ..	28.7	58.7	15.4	25.9	57.4	23.5	19.1
Dharwar ...	42.0	48.3	12.9	38.8	45.5	29.5	25.1
Coimbatore ...	22.9	76.8	10.5	12.7	70.5	21.6	7.9

(Source : Listing Schedule)

In Bikaner there was not a single member of co-operative credit societies among the cultivating families in the selected villages. The proportion of cultivating families who reported membership of co-operative credit societies was less than 20 per cent in Nadia and Gaya and varied between 20 per cent and 30 per cent in Etawah, Ferozepur, Mandsaur, West Godavari and Coimbatore ; the proportion exceeded 30 per cent in Broach, East Khandesh and Dharwar, but in these districts also the non-members were in a majority.

In Bikaner, where every cultivating family was a non-member, owner cultivators were in a large majority, constituting 85 per cent of the total number of families. Owner cultivators constituted the most important group, both among members and non-members, in all the remaining districts with the exception of Etawah and Ferozepur. In Gaya, Mandsaur, East Khandesh and Coimbatore, more than 70 per cent of the families were owner cultivators, both among members and non-members, while in Nadia, Broach, West Godavari and Dharwar, the proportion of owner cultivators varied between 45 per cent and 65 per cent among both members and non-members. In all these districts, tenant cultivators were in a small minority, not exceeding 16 per cent, among members. The proportion of tenant cultivators was higher among non-members than among members in every one of these districts; among non-members, the proportion was less than 20 per cent in Nadia, Gaya, Mandsaur, Broach and East Khandesh and between 20 per cent and 30 per cent in West Godavari, Dharwar and Coimbatore. Owner-cum-tenant cultivators were larger in number than tenant cultivators, among both members and non-members, in Nadia, Gaya, Mandsaur and Broach and among members in East Khandesh, West Godavari, Dharwar and Coimbatore. Among non-members in the latter group of districts, there were more tenant cultivators than owner-cum-tenant cultivators.

In Etawah, owner cultivators constituted a small minority of 5 per cent among both members and non-members, while in Ferozepur the proportion of owner cultivators was 26 per cent among members and 32 per cent among non-members. In the former district, tenant cultivators constituted the most important group, accounting for 50 per cent and 64 per cent of the total number of families among members and non-members respectively. In Ferozepur, owner-cum-tenant cultivators predominated among members and constituted the most important group among non-members ; the proportion of owner-cum-tenant cultivators was 66 per cent and 42 per cent among members and non-members respectively.

In every district, the composition of families in terms of owner cultivators, tenant cultivators and owner-cum-tenant cultivators was different among members and non-members, in that the proportion of tenant cultivators was lower among members than among non-members. This is of some significance in the present analysis. The capacity to bear the burden of debt and the need to incur it as well as other aspects of the operations of the economy would be influenced, among other things, by the nature of rights in the lands in the cultivated holdings. If the non-members reported a generally lower level of operations, it might have been, in part,

on account of the larger proportion of tenant cultivators among them than among members. Incidentally, the difference noted above, between members and non-members, also reflects a bias in the composition of membership of co-operative credit societies in favour of land owners. This bias is also evident from the data on proportion of members of co-operative credit societies among the three categories of families, viz., owner cultivators, tenant cultivators and owner-cum-tenant cultivators, presented below :

District	MEMBERS OF CO-OPERATIVE CREDIT SOCIETIES AS PERCENTAGE OF TOTAL NUMBER OF FAMILIES IN THE GROUP		
	Owner cultivators	Tenant cultivators	Owner-cum-tenant cultivators
Nadia ... ..	13.9	4.5	21.8
Gaya ... ..	10.3	4.3	9.7
Etawah ... ..	26.0	21.1	33.1
Ferozepur ... ..	18.2	7.8	29.7
Mandsaur ... ..	23.4	4.8	31.1
Broach ... ..	34.2	11.4	45.5
East Khandesh ... ..	39.9	14.9	59.0
West Godavari ... ..	29.1	20.8	35.2
Dharwar ... ..	43.5	24.0	62.8
Coimbatore ... ..	24.3	12.6	32.2

(Source : Listing Schedule)

In the following paragraphs, a comparison between members and non-members is attempted in respect of seven items, viz., (1) area of cultivated holdings, (2) outstanding debt at the end of the year, (3) borrowings during the year, (4) repayments during the year, (5) repayments as percentage of debt at the end of the year plus repayments, (6) capital formation and (7) net investment/disinvestment. The analysis is made with the help of frequency distributions of families, derived from the data collected in the General Demand Schedule. For each of the two categories of families, viz., members and non-members, the frequency distributions were compiled separately for big cultivators and all other classes of cultivators put together ; since the sampling fraction was different for big cultivators and other classes of cultivators, the distributions for these two broad groups of families are considered separately. In instituting comparisons, Bikaner, where none of the cultivating families investigated through the Listing Schedule reported membership of co-operative credit societies, and Nadia, Gaya and Mandsaur, where the number of members of co-operative societies among the selected cultivators was less than 100, are not considered.

#### *Size of cultivated holdings*

The distribution of members and non-members according to the size of cultivated holdings is given in Tables 2 and 3. Among big cultivators, the difference in pattern of distribution between members and non-members was prominent in



Broach, West Godavari and Coimbatore. In all these districts, the proportion of families operating cultivated holdings of 30 acres or more was markedly higher among members than among non-members. In East Khandesh and Dharwar, families with cultivated holdings of 50 acres and above were proportionately more among members than among non-members, while those with cultivated holdings of 40 acres to 50 acres were proportionately less among members than among non-members. In the case of other classes of cultivators, marked difference in pattern of distribution between members and non-members was seen in Broach, East Khandesh and Dharwar. In all these districts, the proportion of families in the higher class intervals was larger among members than among non-members. The difference in the size of farm operations between members and non-members might have led to difference in the level of credit and other activity between the two groups.

*Debt outstanding at the end of the year*

Table 4 presents the data relating to debt outstanding at the end of the year among members and non-members. The data show marked difference between members and non-members in the proportion of families free from debt. Except among big cultivators in Broach, debt was more widespread among members than among non-members. Among big cultivators in Broach, the contrary trend was seen. The distribution of indebted families according to the size of debt generally showed a larger concentration of members than of non-members in the higher debt groups, in the case of both big cultivators and other classes of cultivators.

*Borrowings during the year*

Table 5 sets out the data relating to borrowings among members and non-members. A larger proportion of members than of non-members resorted to borrowings during the year. The difference in the proportion of borrowing families between members and non-members was marked, both in the case of big cultivators and other classes of cultivators, in Etawah, East Khandesh and West Godavari. The pattern of distribution of borrowing families according to the size of borrowings was noticeably different among members and non-members, in the case of both big cultivators and other classes of cultivators, in East Khandesh and Dharwar. Difference in pattern between members and non-members was seen also in the case of big cultivators in Ferozepur and Coimbatore and other classes of cultivators in Broach. In all these cases, the level of borrowings appeared to be generally higher among members than among non-members. On the other hand, among big cultivators in Etawah, the proportion of families reporting borrowings of Rs 500 or above was markedly higher in the case of non-members than of members. Except in the cases noted above, the pattern of distribution of families did not show any marked variation as between members and non-members.

*Repayments during the year*

The data relating to repayments made by members and non-members may be seen from Table 6. The most important feature revealed by these data is the generally

low proportion of non-members who made any repayment at all. The proportion of repaying families among non-members was less than 40 per cent in all the districts except Ferozepur, Broach and Dharwar. Among members, the proportion of families reporting repayments was more than 50 per cent, among both big cultivators and other classes of cultivators, in every district except Coimbatore. In Coimbatore, 54 per cent of members among big cultivators and 31 per cent of members among other classes of cultivators reported repayments. Broach recorded the highest proportion of repaying families among non-members, in the case of both big cultivators and other classes of cultivators.

The distribution of repaying families according to size of repayments may be considered now. Among big cultivators, the pattern was markedly different between members and non-members in Etawah, Ferozepur, Broach, Dharwar and Coimbatore. In Ferozepur, Broach and Dharwar, the frequencies in the upper class intervals were proportionately larger among members than among non-members, while the converse was true of Etawah and Coimbatore. Among other classes of cultivators, in three districts, viz., Broach, East Khandesh and Dharwar, a notably larger proportion of members than of non-members was found in the upper class intervals. In Etawah and West Godavari, the proportion of families (of other classes of cultivators) in the class intervals 'Rs 500—Rs 1,000' and 'Rs 1,000 and above' was higher among members than among non-members, but the class interval 'Rs 300—Rs 500' contained a larger proportion of non-members than of members; the contrary trend was seen in Ferozepur. In Coimbatore the proportion of families reporting repayments of Rs 300 or above was higher among members than among non-members.

*Repayments in relation to debt at the end of the year plus repayments*

Table 7 presents the distribution of members and non-members according to the proportion of repayments to debt at the end of the year plus repayments, which represents the total obligations towards which repayments were made. It was noted earlier that in every district, among both big cultivators and other classes of cultivators, a large proportion of the non-members did not make any repayment at all. The data set out in Table 7 show that a substantial proportion of the non-members who did not repay was free from debt and consequently did not have to make any repayment. Among those indebted, generally a larger proportion of members than of non-members made repayments.

The pattern of distribution of repaying families showed divergence between members and non-members. The proportion of repaying families who liquidated 50 per cent or more of their obligations was higher among members than among non-members in the case of big cultivators in four districts, viz., Etawah, Ferozepur, Broach and East Khandesh. The corresponding proportion was higher among non-members than among members in the case of big cultivators of the remaining districts. In the case of other classes of cultivators, in most districts the proportion of families who repaid 50 per cent or more of their obligations was higher among non-members than among members.

*Capital formation*

The data relating to capital formation among members and non-members are presented in Table 8. In the first instance, the data for big cultivators may be considered. In Coimbatore, every family among both members and non-members reported capital formation, while in Ferozepur and Dharwar about 80 per cent or more of the families among members and non-members undertook capital formation. In Broach the proportion of families reporting capital formation was 67 per cent among non-members and 59 per cent among members, while in East Khandesh 88 per cent of the members and 77 per cent of the non-members undertook capital formation. In the remaining districts, viz., Etawah and West Godavari, the proportion of families who reported capital formation was about 50 per cent or less among both members and non-members. The proportion of families reporting capital formation did not show large difference between members and non-members except in Broach, East Khandesh and Dharwar. In Ferozepur, Broach, West Godavari and Coimbatore, a notably larger proportion of members than of non-members reported capital formation of Rs 500 or above. In Etawah, on the other hand, the proportion of families reporting capital formation of Rs 200 or above was significantly more among non-members than among members.

The data for other classes of cultivators show that capital formation was widespread among them in Ferozepur and Coimbatore. In the former district more than 75 per cent of both members and non-members reported capital formation, while in the latter district almost all families undertook capital formation expenditure among both members and non-members. In Dharwar and East Khandesh, among both members and non-members, about 50 per cent or more of the families reported capital formation. The proportion of families reporting capital formation was less than 50 per cent among both members and non-members in other districts. In every district a larger proportion of members than of non-members reported capital formation, but the difference between members and non-members was not marked except in Broach and Dharwar. The proportion of families reporting capital formation of Rs 300 or above was less than 10 per cent, except in the case of non-members in Ferozepur, members in Dharwar and both members and non-members in Coimbatore. It was, however, only among members in Coimbatore that the proportion exceeded 12 per cent.

*Net investment/disinvestment*

The net investment/disinvestment position among members and non-members may be seen from Table 9. In the first place, the data for big cultivators may be considered. Both in the case of members and non-members, the proportion of families reporting net investment was more than 60 per cent in all the districts barring Etawah and West Godavari. In Etawah, 63 per cent of members and 51 per cent of non-members recorded net investment. In West Godavari, net investment was reported by 53 per cent of members and 38 per cent of non-members. The proportion of families reporting net investment was higher, though generally not markedly so, among members than among non-members in all the districts barring Dharwar. In

Dharwar, a larger proportion of non-members than of members reported net investment. The proportion of families reporting net investment of Rs 500 or above was higher among members than among non-members in the districts barring East Khandesh and Dharwar. In East Khandesh the proportion was the same both among members and non-members, while in Dharwar it was relatively higher among non-members. In West Godavari, both among members and non-members, a fairly large proportion of the families reported net disinvestment of Rs 1,000 or above.

The proportion of families reporting net investment generally varied between 40 per cent and 60 per cent in the case of both members and non-members among other classes of cultivators. In Etawah, East Khandesh, West Godavari and Dharwar, the proportion of families reporting net investment was higher among members than among non-members, while the converse was true of Ferozepur and Coimbatore. In Broach the two categories showed roughly the same proportion of families with net investment. In most districts, among both members and non-members, the proportion of families who reported net investment or net disinvestment of Rs 500 or above was small.

#### *General observations*

The data presented in the foregoing paragraphs show some difference in the level of activity between members and non-members. General comments based on these data have, however, to be made with great care. As already noted, part of the difference in performance could have arisen on account of the difference in composition of members and non-members in terms of owner cultivators, tenant cultivators and owner-cum-tenant cultivators, which was observed in every one of the districts. Further, in some districts the members generally operated bigger cultivated holdings than non-members. The difference in the size of farm business might also have led to difference in performance. Minor differences shown by the data have, therefore, to be neglected. Marked differences, when observed in most districts, may, however, be taken to reflect a genuine difference in performance between members and non-members. Such differences were noticed in regard to the spread of credit activity, among both big cultivators and other classes of cultivators ; the spread of credit activity was markedly higher among members than among non-members. The level of capital formation and the tendency to record a positive balance on capital account were higher, though not particularly higher, among members than among non-members in the big cultivators' group. Among other classes of cultivators, there was no marked difference in position between members and non-members in the level of capital formation. As regards net investment/disinvestment among other classes of cultivators, in some districts the tendency to record a positive balance was greater in the case of members than in the case of non-members, while in others the contrary trend was seen.

TABLE 2—CULTIVATED HOLDINGS AMONG MEMBERS AND  
NON-MEMBERS : BIG CULTIVATORS

District	DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF CULTIVATED HOLDINGS											
	NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS						NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS					
	Below 10 acres	10-20 acres	20-30 acres	30-40 acres	40-50 acres	50 acres and above	Below 10 acres	10-20 acres	20-30 acres	30-40 acres	40-50 acres	50 acres and above
	1	2	3	4	5	6	7	8	9	10	11	12
Etawah ...	11.4	74.3	14.3	—	—	—	21.3	60.7	14.8	1.6	1.6	—
Ferozepur...	—	—	14.3	25.7	25.7	34.3	—	—	9.1	30.9	29.1	30.9
Broach ...	1.6	9.4	21.9	15.6	21.9	29.6	8.3	20.8	37.5	12.5	16.7	4.2
East												
Khandesh..	—	9.4	23.5	21.9	9.4	35.9	—	6.6	30.0	20.0	20.0	23.3
West												
Godavari...	2.3	27.9	16.3	30.2	9.3	14.0	9.4	41.5	17.0	13.2	7.5	11.3
Dharwar ...	—	16.4	18.2	16.4	14.5	34.5	—	3.0	30.3	27.3	18.2	21.2
Coimbatore.	—	23.1	15.4	35.9	5.1	20.5	—	31.6	24.5	15.8	5.3	22.8

TABLE 3—CULTIVATED HOLDINGS AMONG MEMBERS AND NON-MEMBERS: OTHER CULTIVATORS (CULTIVATORS OTHER THAN BIG CULTIVATORS)

District	DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF CULTIVATED HOLDINGS											
	NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS						NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS					
	Below 2 acres	2-3 acres	3-5 acres	5-10 acres	10-20 acres	20 acres and above	Below 2 acres	2-3 acres	3-5 acres	5-10 acres	10-20 acres	20 acres and above
	1	2	3	4	5	6	7	8	9	10	11	12
Etawah ...	30.1	15.7	21.9	27.4	6.9	—	27.9	20.5	20.9	26.5	4.2	—
Ferozepur...	1.3	2.6	6.6	11.9	42.1	35.5	2.4	3.3	6.6	18.9	39.6	29.2
Broach ...	2.7	1.8	9.7	28.5	55.1	22.1	14.9	13.2	21.3	25.9	17.8	6.9
East												
Khandesh..	4.2	9.8	9.3	30.5	42.4	12.7	20.0	9.4	18.2	26.5	18.9	7.1
West												
Godavari...	23.3	17.2	24.1	21.1	8.6	2.6	10.7	14.0	15.1	15.7	10.4	4.1
Dharwar ...	3.6	2.7	5.5	32.6	36.1	18.2	11.8	9.6	11.6	32.6	23.6	7.8
Coimbatore.	16.0	11.1	20.0	27.1	21.5	7.2	10.1	8.5	27.5	35.5	16.1	2.7

TABLE 4—DEBT OUTSTANDING AT THE END OF THE YEAR AMONG MEMBERS AND NON-MEMBERS

District	PROPORTION OF FAMILIES LEFT FROM DEBT		DISTRIBUTION OF INDEBTED FAMILIES ACCORDING TO SIZE OF DEBT—NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS					
	Members (Per cent)	Non-members (Per cent)	Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000- Rs 2,000	Rs 2,000 and above
	1	2	3	4	5	6	7	8
BIG CULTIVATORS								
Etawah	28.5	55.7	28.0	20.0	20.0	8.0	24.0	—
Ferozepur	17.1	52.7	3.1	15.8	3.4	6.9	51.0	11.1
Broach	30.0	29.2	3.1	12.5	12.5	15.6	18.8	37.5
East Khandesh	9.1	56.7	—	3.2	15.8	25.9	29.3	25.9
West Godavari	15.9	26.4	—	—	3.4	16.2	27.0	51.4
Dharwar	31.5	66.6	—	16.7	15.9	22.2	27.8	19.1
Coimbatore	55.5	33.8	—	—	1.7	7.5	15.4	69.2
OTHER CULTIVATORS								
Etawah	21.7	11.6	25.5	15.6	21.8	9.1	—	—
Ferozepur	11.9	51.6	5.0	16.1	16.1	20.9	20.9	22.4
Broach	51.8	57.1	3.9	29.9	20.8	29.8	14.3	10.4
East Khandesh	11.9	70.0	15.4	55.7	20.2	19.2	10.6	1.0
West Godavari	10.5	11.9	10.6	55.7	15.1	19.2	11.5	9.6
Dharwar	50.0	50.5	15.0	51.2	51.2	18.2	6.5	—
Coimbatore	24.5	15.1	3.8	28.5	11.5	21.5	17.0	15.1

DISTRIBUTION OF INDEBTED FAMILIES ACCORDING TO SIZE OF DEBT—NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS

District	Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000- Rs 2,000	Rs 2,000 and above
	9	10	11	12	13	14
BIG CULTIVATORS						
Etawah	7.4	14.4	3.7	29.6	3.7	11.1
Ferozepur	2.7	16.2	18.9	18.9	16.2	27.0
Broach	—	5.9	11.8	35.3	17.6	29.4
East Khandesh	—	7.7	7.7	38.5	23.1	23.1
West Godavari	—	5.1	10.3	20.5	17.9	46.2
Dharwar	9.1	36.4	9.1	18.2	9.1	18.2
Coimbatore	—	6.3	6.3	9.4	21.9	56.2
OTHER CULTIVATORS						
Etawah	24.4	37.8	22.7	11.8	2.5	0.8
Ferozepur	17.9	14.5	13.1	20.0	13.1	21.4
Broach	26.6	34.9	16.5	15.6	4.6	1.8
East Khandesh	7.8	47.1	19.6	13.7	11.8	—
West Godavari	16.0	37.0	17.0	18.0	7.0	5.0
Dharwar	25.0	40.9	17.0	13.6	3.4	—
Coimbatore	5.6	27.4	20.2	22.6	17.7	6.5

TABLE 5—BORROWINGS DURING THE YEAR AMONG MEMBERS AND NON-MEMBERS

District	PROPORTION OF FAMILIES WHO DID NOT REPORT BORROWINGS		DISTRIBUTION OF BORROWING FAMILIES ACCORDING TO SIZE OF BORROWINGS—NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS					
	Members (Per cent)	Non-members (Per cent)	Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000- Rs 2,000	Rs 2,000 and above
	1	2	3	4	5	6	7	8
BIG CULTIVATORS								
Etawah	20.0	50.8	10.7	53.6	17.9	10.7	7.1	—
Ferozepur	25.7	43.6	7.7	3.8	7.7	19.2	30.8	30.8
Broach	25.0	33.3	—	6.2	10.4	22.9	33.3	27.1
East Khandesh	10.9	66.7	—	5.3	19.3	26.3	28.1	21.1
West Godavari	13.9	34.0	—	2.7	8.1	24.3	29.7	35.1
Dharwar	34.5	48.5	2.8	16.7	11.1	27.8	33.3	8.3
Coimbatore	59.0	64.9	—	6.3	6.3	18.8	31.2	37.5
OTHER CULTIVATORS								
Etawah	23.3	43.7	16.1	62.5	5.4	16.1	—	—
Ferozepur	15.8	39.2	4.7	25.0	17.2	29.7	17.2	6.3
Broach	13.3	27.6	3.1	23.5	21.4	25.5	19.4	7.1
East Khandesh	18.6	74.7	15.6	35.4	28.1	16.7	3.1	1.0
West Godavari	15.5	51.2	10.2	40.8	15.3	15.3	11.2	7.1
Dharwar	23.6	39.3	14.3	40.5	23.8	16.7	4.8	—
Coimbatore	45.7	62.4	—	52.6	13.2	18.4	13.2	2.6

District	DISTRIBUTION OF BORROWING FAMILIES ACCORDING TO SIZE OF BORROWINGS—NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS					
	Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000- Rs 2,000	Rs 2,000 and above
	9	10	11	12	13	14
BIG CULTIVATORS						
Etawah	6.7	33.3	16.7	20.0	20.0	3.3
Ferozepur	—	9.7	22.6	32.3	25.8	9.7
Broach	—	—	18.8	18.8	37.5	25.0
East Khandesh	10.0	10.0	20.0	20.0	20.0	20.0
West Godavari	—	2.9	14.3	22.9	25.7	34.3
Dharwar	5.9	47.1	17.6	17.6	5.9	5.9
Coimbatore	—	15.0	10.0	10.0	25.0	40.0
OTHER CULTIVATORS						
Etawah	28.1	44.6	18.2	8.3	—	0.8
Ferozepur	13.2	24.0	14.0	24.0	19.4	5.4
Broach	7.9	50.8	18.3	15.1	6.3	1.6
East Khandesh	14.0	58.1	18.6	4.7	2.2	2.3
West Godavari	19.0	40.5	14.3	13.1	9.5	3.6
Dharwar	32.4	42.6	14.8	8.3	1.9	—
Coimbatore	7.3	45.1	17.1	18.3	8.5	3.7

TABLE 6—REPAYMENTS DURING THE YEAR AMONG MEMBERS AND NON-MEMBERS

District	PROPORTION OF FAMILIES WHO DID NOT REPORT ANY REPAYMENT		DISTRIBUTION OF REPAYING FAMILIES ACCORDING TO SIZE OF REPAYMENT									
			NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS					NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS				
	Mem- bers (Per cent)	Non- mem- bers (Per cent)	Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000 and above	Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000 and above
	1	2	3	4	5	6	7	8	9	10	11	12

## BIG CULTIVATORS

Etawah ...	28.6	63.9	24.0	52.0	12.0	12.0	—	27.3	18.2	27.3	18.2	9.1
Ferozepur...	22.9	58.2	7.4	7.4	22.2	25.9	37.0	8.7	30.4	17.4	21.7	21.7
Broach ...	29.7	25.0	4.4	2.2	6.6	28.9	57.8	5.6	16.7	11.1	22.2	44.4
East												
Khandesh...	9.4	73.3	—	5.2	27.6	22.4	44.8	—	25.0	12.5	37.5	25.0
West												
Godavari ...	34.9	81.1	7.1	7.1	7.1	28.6	50.0	—	10.0	20.0	10.0	60.0
Dharwar ...	34.6	51.5	2.8	33.3	13.9	30.6	19.4	12.5	56.3	18.8	12.5	—
Coimbatore.	46.1	71.9	28.6	33.3	9.5	14.3	14.3	—	31.3	6.3	—	62.5

## OTHER CULTIVATORS

Etawah ...	28.8	62.3	38.5	48.1	3.8	7.7	1.9	53.1	32.1	12.3	2.5	—
Ferozepur...	18.4	57.1	25.8	25.8	29.0	11.3	8.1	19.8	34.1	15.4	16.5	14.3
Broach ...	16.8	30.5	14.9	23.4	22.3	25.5	13.8	14.9	47.1	24.0	9.1	5.0
East												
Khandesh...	16.9	74.7	15.3	38.8	22.4	17.3	6.1	16.3	60.4	13.9	7.0	2.3
West												
Godavari ...	41.4	80.2	19.1	45.6	13.2	14.7	7.4	23.5	44.1	20.6	8.8	2.9
Dharwar ...	29.1	59.5	29.5	42.3	20.5	6.4	1.3	44.4	41.7	11.1	2.8	—
Coimbatore.	68.6	77.5	22.7	40.9	18.2	9.1	9.1	34.7	40.8	6.1	14.3	4.1



TABLE 7—REPAYMENTS AS PERCENTAGE OF DEBT PLUS REPAYMENTS AMONG MEMBERS AND NON-MEMBERS

District	PROPORTION OF FAMILIES REPORTING NEITHER REPAYMENT NOR DEBT		PROPORTION OF FAMILIES REPORTING DEBT BUT NO REPAYMENT		DISTRIBUTION OF REPAYING FAMILIES ACCORDING TO PROPORTION OF REPAYMENTS TO DEBT PLUS REPAYMENTS—NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS					
	Members (Per cent)	Non-members (Per cent)	Members (Per cent)	Non-members (Per cent)	Below 10 per cent	10-30 per cent	30-50 per cent	50-80 per cent	80-100 per cent	100 per cent
	1	2	3	4	5	6	7	8	9	10
BIG CULTIVATORS										
Etawah ...	8.6	44.2	20.0	19.7	4.0	28.0	8.0	28.0	4.0	28.0
Ferozepur ...	14.3	29.1	8.6	29.1	14.8	29.6	18.5	29.6	3.7	3.7
Broach ...	23.4	12.5	6.3	12.5	2.2	13.3	20.0	22.2	4.4	37.8
East Khandesh...	4.7	50.0	4.7	23.3	—	17.2	31.0	46.6	—	5.2
West Godavari...	9.3	22.6	25.6	58.5	21.4	17.9	28.6	25.0	—	7.1
Dharwar ...	21.8	45.5	12.7	6.1	8.3	30.6	22.2	13.9	5.6	19.4
Coimbatore ...	28.2	38.6	17.9	33.3	57.1	19.0	14.3	—	—	9.5
OTHER CULTIVATORS										
Etawah ...	4.1	35.8	24.7	26.5	9.6	11.5	11.5	32.7	5.8	28.8
Ferozepur ...	6.6	25.5	11.8	31.6	30.6	25.8	24.2	9.7	3.2	6.5
Broach ...	8.9	21.8	8.0	8.6	11.7	12.8	9.6	31.9	6.4	27.7
East Khandesh...	6.8	61.2	10.2	13.5	1.0	13.3	18.4	57.1	4.1	6.1
West Godavari...	7.8	37.8	33.6	42.5	7.4	30.9	33.8	22.1	1.5	4.4
Dharwar ...	10.0	34.3	19.1	25.3	14.1	21.8	17.9	16.7	1.3	28.2
Coimbatore ...	21.4	37.6	47.1	39.9	31.8	22.7	22.7	13.6	—	9.1

District	DISTRIBUTION OF REPAYING FAMILIES ACCORDING TO PROPORTION OF REPAYMENTS TO DEBT PLUS REPAYMENTS—NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS					
	Below 10 per cent	10-30 per cent	30-50 per cent	50-80 per cent	80-100 per cent	100 per cent
	11	12	13	14	15	16
BIG CULTIVATORS						
Etawah ...	18.2	18.2	13.6	9.1	9.1	31.8
Ferozepur ...	17.4	21.7	26.1	17.4	8.7	8.7
Broach ...	5.6	33.3	22.2	11.1	5.6	22.2
East Khandesh...	—	25.0	25.0	37.5	—	12.5
West Godavari...	10.0	10.0	20.0	30.0	10.0	20.0
Dharwar ...	12.5	18.8	6.2	18.8	—	43.8
Coimbatore ...	31.3	12.5	31.3	6.2	—	18.8
OTHER CULTIVATORS						
Etawah ...	15.6	29.6	14.8	17.3	1.2	23.5
Ferozepur ...	22.0	15.4	13.2	28.6	6.6	14.3
Broach ...	4.1	9.9	16.5	38.8	8.3	22.3
East Khandesh...	—	14.0	18.6	27.9	4.7	34.9
West Godavari...	5.9	14.7	32.4	17.6	8.8	20.6
Dharwar ...	9.7	9.7	18.1	18.1	4.2	40.3
Coimbatore ...	16.5	34.7	12.2	12.2	—	24.5

TABLE 8—CAPITAL FORMATION AMONG MEMBERS AND NON-MEMBERS

District	DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF CAPITAL FORMATION— NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS							
	Nil	Below Rs 50	Rs 50- Rs 100	Rs 100- Rs 200	Rs 200- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000 and above
	1	2	3	4	5	6	7	8
BIG CULTIVATORS								
Etawah ...	54.3	11.4	11.4	11.4	2.9	—	8.6	—
Ferozepur ...	5.7	20.0	22.9	—	8.6	5.7	17.1	20.0
Broach ...	40.6	14.1	4.7	15.6	4.7	1.6	4.7	14.1
East Khandesh ...	12.5	9.4	9.4	10.9	12.5	12.5	7.8	25.0
West Godavari ...	48.8	9.3	—	2.3	4.7	9.3	9.3	16.3
Dharwar ...	7.3	9.1	14.5	12.7	10.9	12.7	23.6	9.1
Coimbatore ...	—	2.6	7.7	15.4	5.1	10.3	10.3	48.7
OTHER CULTIVATORS								
Etawah ...	65.8	17.8	2.7	4.1	5.5	2.7	1.4	—
Ferozepur ...	21.1	42.1	11.8	7.9	7.9	3.9	5.3	—
Broach ...	56.6	23.9	8.0	3.5	1.8	0.9	1.8	3.5
East Khandesh ...	45.8	16.9	12.7	11.9	7.6	3.4	1.7	—
West Godavari ...	69.8	13.8	1.7	5.2	1.7	1.7	4.3	1.7
Dharwar ...	27.3	24.5	16.4	14.5	5.5	9.1	2.7	—
Coimbatore ...	—	30.0	20.0	22.9	7.1	10.0	4.3	5.7

District	DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF CAPITAL FORMATION— NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS							
	Nil	Below Rs 50	Rs 50- Rs 100	Rs 100- Rs 200	Rs 200- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000 and above
	9	10	11	12	13	14	15	16
BIG CULTIVATORS								
Etawah ...	50.8	16.4	6.5	4.9	8.2	3.3	6.6	3.3
Ferozepur ...	5.5	29.1	23.6	12.7	7.3	5.5	7.3	9.1
Broach ...	33.3	20.8	20.8	4.2	12.5	—	—	8.3
East Khandesh ...	23.3	3.3	13.4	10.0	3.3	10.0	10.0	26.7
West Godavari ...	47.2	20.8	5.7	5.7	7.5	1.9	3.8	7.5
Dharwar ...	21.2	18.2	3.0	12.1	9.1	6.1	27.3	3.0
Coimbatore ...	—	5.3	19.3	26.3	8.8	7.0	8.8	24.6
OTHER CULTIVATORS								
Etawah ...	73.9	13.0	3.3	2.3	2.8	2.8	1.4	0.5
Ferozepur ...	24.5	47.2	9.4	5.2	2.4	2.8	6.6	1.9
Broach ...	75.3	15.5	2.9	3.4	1.1	1.1	—	0.6
East Khandesh ...	50.0	17.6	10.0	10.0	4.1	2.9	4.1	1.2
West Godavari ...	74.4	16.3	3.5	1.7	—	1.7	0.6	1.7
Dharwar ...	46.6	24.7	12.4	6.2	3.4	3.9	1.7	1.1
Coimbatore ...	1.8	40.8	22.5	16.1	8.3	3.2	6.0	1.4

TABLE 9—NET INVESTMENT/DISINVESTMENT AMONG MEMBERS AND NON-MEMBERS

DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF NET INVESTMENT/DISINVESTMENT—NUMBER OF MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF MEMBERS											
District	NET DISINVESTMENT					Neither investment nor disinvestment or balance between investment and disinvestment	NET INVESTMENT				
	Rs 1,000 and above	Rs 500-Rs 1,000	Rs 300-Rs 500	Rs 100-Rs 300	Below Rs 100		Below Rs 100	Rs 100-Rs 300	Rs 300-Rs 500	Rs 500-Rs 1,000	Rs 1,000 and above
	1	2	3	4	5		7	8	9	10	11

## BIG CULTIVATORS

Etawah	2.9	8.6	5.7	8.6	11.4	—	11.4	25.7	11.4	14.3	—
Ferozepur	—	5.7	5.7	2.9	5.7	2.9	5.7	14.3	17.1	14.3	25.7
Broach	4.7	1.6	3.1	6.3	4.7	0.3	4.7	10.7	9.4	12.5	36.0
East Khandesh	1.6	6.3	3.1	5.1	1.6	—	4.7	18.8	7.8	17.2	35.9
West Godavari	20.9	7.0	4.7	7.0	2.3	4.7	11.6	4.6	4.7	7.0	25.5
Dharwar	5.4	3.6	5.5	1.8	7.3	3.6	7.3	10.9	14.5	16.4	23.6
Coimbatore	12.8	—	—	2.6	—	—	—	23.1	12.8	10.2	38.5

## OTHER CULTIVATORS

Etawah	—	4.1	1.4	17.8	21.9	4.1	20.5	21.9	4.1	1.4	2.7
Ferozepur	2.6	17.1	6.6	14.5	13.2	—	17.1	15.8	3.9	5.3	3.9
Broach	4.4	5.3	8.8	11.5	5.3	8.0	17.7	15.9	10.6	8.8	3.6
East Khandesh	0.8	2.5	2.5	5.9	5.9	6.8	22.9	21.2	12.7	11.9	6.8
West Godavari	4.3	5.2	5.2	25.0	9.5	10.3	19.0	10.4	3.4	2.6	5.2
Dharwar	0.9	1.8	5.5	10.9	11.8	10.9	25.4	20.0	6.4	6.4	—
Coimbatore	1.4	5.7	11.4	11.4	15.7	—	15.7	14.3	14.3	4.3	5.7

TABLE 9—NET INVESTMENT/DISINVESTMENT AMONG MEMBERS AND NON-MEMBERS (-Concluded)

District	DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF NET INVESTMENT/DISINVESTMENT—NUMBER OF NON-MEMBERS IN EACH GROUP AS PERCENTAGE OF TOTAL NUMBER OF NON-MEMBERS										
	NET DISINVESTMENT					Neither investment nor disinvestment or balance between investment and disinvestment	NET INVESTMENT				
	Rs 1,000 and above	Rs 500- Rs 1,000	Rs 200- Rs 500	Rs 100- Rs 300	Below Rs 100		Below Rs 100	Rs 100- Rs 300	Rs 300- Rs 500	Rs 500- Rs 1,000	Rs 1,000 and above
	12	13	14	15	16	17	18	19	20	21	22
BIG CULTIVATORS											
Etawah ...	1.6	9.8	6.6	9.8	16.4	4.9	11.5	16.4	9.8	9.8	3.3
Ferozepur ...	9.1	3.6	3.6	9.1	3.6	—	18.2	12.7	9.1	7.3	23.6
Broach ...	4.2	8.5	1.2	4.2	8.4	8.5	8.5	4.2	12.5	20.8	16.7
East Khandesh ...	3.3	3.3	—	3.3	—	15.5	6.7	16.7	—	23.3	30.0
West Godavari ...	20.7	15.2	5.7	11.5	1.9	9.4	3.8	11.3	5.7	3.8	13.2
Dharwar ...	3.0	—	3.0	3.0	3.0	6.1	12.1	16.2	6.1	30.3	18.2
Coimbatore ...	5.3	1.8	3.5	5.3	1.8	—	7.0	22.7	12.3	5.3	35.0
OTHER CULTIVATORS											
Etawah ...	0.9	2.3	3.3	13.5	19.1	21.9	21.4	8.4	6.5	2.8	—
Ferozepur ...	0.9	5.7	5.2	13.2	6.1	13.2	26.9	12.3	4.7	6.6	5.2
Broach ...	0.6	3.4	2.9	8.0	11.5	19.0	25.3	17.8	5.2	4.0	2.3
East Khandesh ...	0.6	0.6	1.8	8.2	2.9	28.2	22.9	20.0	7.7	4.7	2.3
West Godavari ...	4.6	3.6	4.1	17.4	11.6	30.2	13.4	7.6	4.1	—	3.5
Dharwar ...	0.6	1.1	4.5	10.1	12.9	24.2	20.8	14.6	5.1	5.1	1.1
Coimbatore ...	0.5	3.7	4.1	15.8	10.5	1.4	33.5	14.2	6.0	9.6	2.7

## APPENDIX 3

# WOOL PRODUCTION AND MARKETING FINANCE IN BIKANER DISTRICT

## 1. INTRODUCTORY

### 1.1 Background

The Bikaner district of Rajasthan, situated in the Thar desert, is characterized by sandy soils, and scanty and uncertain rainfall. Cultivation of land in the district is carried on mainly for production of food crops for home consumption. The vast uncultivated areas of the district, in which shrubs and bushes grow, even when rainfall is scarce or unevenly distributed, are being used for livestock-rearing which is an important economic activity in the rural areas. Sheep-breeding is the most important livestock industry from the standpoint of the number of sheep maintained and cash income received from the sale of wool by sheep-breeders. The entire output of wool is generally sold, and nearly 80 per cent of it is exported. In view of the importance of the sheep-breeding industry in the district, it was decided to study intensively the financing of production and marketing of wool.

### 1.2 Nature and scope of the enquiry

It was proposed to select about 100 sheep-breeders for this purpose. The investigation was confined to seven of the sixteen villages selected for the demand-side enquiry in which there were a large number of sheep-breeders. The cultivating families having 20 sheep or more, selected for the enquiry, in these villages numbered 100.

Two schedules, one relating mainly to the general features of the sheep-breeding business such as the size of herd, quantity of wool produced, etc., and the other relating mainly to the financial aspects such as expenditure incurred on the business and cash receipts during the year, were canvassed. The period of reference for the enquiry was from July to June. The schedule relating to the general features of the business elicited information for a period of three years from 1954-5 to 1956-7 with a view to ascertaining, among other things, changes in the size of the business, while the schedule relating to financial aspects elicited information only for the year 1956-7. It was decided that those sheep-breeders who were not selected as cultivators in the demand-side investigation should be interviewed with the General Demand Schedule also, so as to get information regarding the working of rural credit with particular reference to the selected sheep-breeders.

The district had six sheep-breeders' co-operative societies at the end of 1956-7. According to the by-laws, these societies were to function mainly as sheep improvement societies by providing educational assistance to members, adopting preventive measures against spread of contagious diseases, purchase of pedigree rams, etc. The by-laws did not provide for supply of credit by the societies

to their members. Five out of six sheep-breeders' societies registered in the district upto 1956-7 were selected for investigation. The financial position of the sheep-breeders' societies pertaining to the year 1956-7 was studied through the General Supply Schedule No. 1, whereas the members of the selected societies were interviewed using a questionnaire eliciting information about their relationship with the societies and their views about the working of the societies.

The plan of enquiry included an investigation into the marketing of wool and financing of wool marketing. The traders in wool and press-owners and commercial banks engaged in the financing of wool marketing were interviewed with special questionnaires for this purpose. The number of traders selected was 22 out of a total of about 150 traders dealing in wool at Bikaner. The questionnaire for traders sought to elicit information about the nature of marketing charges involved at various stages in the marketing of wool. The questionnaire to press-owners solicited mainly information on the quantity of wool pressed by them every month for a continuous period of three years ending 1956-7. The commercial banks comprised the only institutional agency engaged in financing the marketing of wool, as there was no co-operative marketing society dealing in wool. The commercial banks functioning in the district were requested to fill in a questionnaire with a view to eliciting information about the extent of finance given by them for wool marketing on pledge, hypothecation or in other ways.

## 2. THE SHEEP-BREEDING INDUSTRY

### 2.1 Characteristics of the sheep-breeding business

The main features of the sheep-breeding business revealed by the investigation of sheep-breeders may be summarized as under :

(1) The average size of holding of the sheep-breeders was 132 acres per family of which 50 acres were under crops and 82 acres were utilized for grazing during 1956-7. The area under crops comprised mainly *moth* and *bajra* and to a small extent *gowar* which is used as fodder. The area under crops reported by cultivating families of the district according to the demand-side investigation was 38 acres. The sheep-breeders, it appears, did not comprise a separate group as distinct from the agriculturists. Sheep-breeding and cultivation of crops were complementary activities.

(2) The average size of herd owned by sheep-breeders comprised 91 sheep and 27 other types of livestock per family.

(3) The proportion of sheep-breeders who migrated to distant places for grazing sheep during 1956-7, which was a year of normal rainfall in the district, was 28 per cent.

(4) The number of sheep owned by sheep-breeders showed an increase from 1954-5 onwards. In this connexion it may be noted that the prices of Indian wool remained very favourable for the sheep-breeders since the beginning of 1950 until 1957. The annual average index number of wholesale prices

(base year ended August 1939 = 100) of wool rose from 262 in 1947 to 351 in 1949 and further to 640 in 1951. It remained above 600 during five of the following six years and was 681 in 1957.

## 2.2 Cash expenditure and receipts during 1956-7

The pattern of expenditure and receipts of the sheep-breeders showed the following main features :

(1) The total cash expenditure on crop production and livestock-rearing incurred by the sheep-breeders was Rs 261 per family. The expenditure on livestock-rearing, which comprised mainly purchase of fodder and other cattle feed and, to a smaller extent, cash wages to casual labour, amounted to Rs 128 per family or 49 per cent of the total expenditure. The expenditure on crop production amounted to Rs 38 per family or 15 per cent of the total, comprising purchase of seed and wages to casual labour; the expenditure was less than Re 1 per acre of area cropped. The wages paid to permanent farm servants amounted to Rs 45 per family or 17 per cent of the total. The remaining cash expenditure of Rs 50 per family or 19 per cent of the total was accounted for by land revenue, interest on loans, purchase of materials for farming, cash rent and other expenditure in that order of importance. The yield of crops was very low, varying between 0.5 to 0.7 maund per acre during the three years ending 1956-7. The quantity of cereals and fodder grains produced during 1956-7 was 31 maunds and 3 maunds, respectively, valued together at Rs 457 per family.

(2) The cash farm expenditure incurred during the year was financed largely from owned funds. The entire expenditure on livestock-rearing and on payment of wages to permanent farm servants, which together accounted for two-thirds of the total cash expenditure on crop production and livestock-rearing, was financed from owned funds. The proportion of expenditure on crop production financed from owned funds was 94 per cent and that from borrowings 6 per cent. The proportion of other cash expenditure financed from owned funds was 84 per cent and from sale of assets and borrowings 16 per cent. The proportion of total current cash expenditure on the farm and livestock business financed by borrowings was less than 2 per cent.

(3) The total cash receipts of the sheep-breeders during 1956-7 amounted to Rs 685 per family of which Rs 638 or 93 per cent were derived from the sale of wool, Rs 17 or 2 per cent from the sale of crops and fodder, and Rs 30 or 5 per cent from 'other' sources such as sale of milk and milk products, wages, interest and rent received. The receipts from the sale of crops and fodder were very small, not only as compared to those from the sale of wool but also in relation to the value of gross produce, of which they constituted 4 per cent. The cultivation of crops was thus carried on mainly for family consumption.

(4) The cash receipts of the sheep-breeders from the sale of wool were distributed over three periods, namely, July-August, October-December and March-April, corresponding with the three shearing seasons. The details about the proportion

of cash receipts realized from each of the three shearing seasons, the number of sheep shorn per family, the quantity of wool produced per sheep and the amount realized per sheep and per pound of wool sold during these three seasons are given in Table 1.

TABLE 1—WOOL PRODUCTION AND RECEIPTS FROM SALE OF WOOL—1956-7

	July-Aug.	Oct.-Dec.	Mar.-April
1 Amount realized from sale of wool per family (Rs)	169	216	254
2 Proportion of cash receipts from the sale of wool to total receipts (Per cent)	26	34	40
3 Number of sheep shorn per family	61	72	80
4 Average quantity of wool produced per sheep shorn (lbs.)	1	2	1
5 Cash receipts per sheep shorn (Rs)	3	3	3
6 Price realized (Rs/ lbs.)	2	2	3

(Source : Intensive Enquiry Schedule No. 2)

The proportion of cash receipts to total receipts was the highest during the spring clip (March-April). The wool produced during winter is generally of a better quality and fetches a higher price. The larger cash receipts during the spring clip as compared to the other two clips were, therefore, due not only to a larger number of sheep shorn and the wool produced but also due to a higher price fetched per pound of wool during this clip.

(5) The number of sheep-breeders who reported sale of wool in and outside the village was 84 and 17, respectively. The sale of wool outside the village was reported largely by sheep-breeders of one of the selected villages, namely, Nalbari, situated near Bikaner city, which is the marketing centre for wool in the district. The sale transactions thus largely took place in the village itself.

(6) The number of sale transactions in which the price of wool sold was settled at the time of delivery and before delivery was 204 and 42, respectively. Because of the rising trend in wool prices, a majority of the sheep-breeders was unwilling to enter into a contract for the sale of wool at a price fixed in advance of actual delivery. The number of transactions involved in respect of amounts borrowed prior to sale was 20.

## 2.3 The extent, volume and nature of credit transactions of the sheep-breeders

The proportion of indebted sheep-breeders at the end of the year was 57 per cent. The outstanding debt of the sheep-breeders at the end of the year was Rs 960 per family and Rs 1,684 per indebted family.

The value of owned land, livestock and buildings and dues receivable, comprising the major items of assets, was Rs 5,591 per family of which livestock alone accounted for Rs 4,112 or 74 per cent, followed by at Rs 897 or 16 per cent of the total. The value of owned land was only family or 9 per cent of



the total. The outstanding debt at the end of the year formed 17 per cent of the value of assets owned, but its proportion to the total value of land owned was as high as 195 per cent. The value of livestock owned by the borrowers might have been the main asset taken into account in extending credit by the credit agencies, as the value of owned land was inadequate in relation to the volume of credit provided.

The families reporting borrowings during the Survey year constituted 53 per cent of the total. The amount borrowed worked out to Rs 704 per family or Rs 1,328 per borrowing family.

The purposes for which credit was obtained by the sheep-breeders indicated that, of the debt outstanding at the beginning of the year, 48 per cent was for medium-term agricultural purposes comprising mainly purchase of livestock and 45 per cent, for long-term consumption purposes of which ceremonial expenditure was the most important; the remaining 7 per cent was for short-term consumption, repayment of debt and other purposes.

The proportion of the amount borrowed during the year for medium-term agricultural purposes comprising purchase of livestock was 74 per cent whereas that for long-term consumption purposes was 18 per cent. The remaining amount was accounted for mostly by short-term consumption and repayment of debt. The main features of the data are that (a) borrowing was not resorted to for financing current farm expenditure and (b) a major portion of the credit obtained was for purchase of livestock.

The demand-side investigation of cultivating families generally showed that, of the debt outstanding at the end of the year, 24 per cent was for medium-term agricultural purposes comprising purchase of livestock and 48 per cent, for long-term consumption purposes. The cultivating families which were asked about their requirements for additional credit for developmental purposes, however, indicated that 83 per cent of their requirements were for purchase of livestock.

The pattern of current cash farm expenditure of the sheep-breeders which revealed a very low volume of expenditure in relation to the size of holdings and the number of livestock owned, when considered along with the purposes for which credit was actually obtained by them, clearly indicated that short-term credit for current cash farm expenditure was neither required nor availed of to any appreciable extent. The most important productive purpose for which credit was required and taken was purchase of livestock. The co-operative credit organization in the district was faced with the problem of meeting the demand for medium-term loans for this purpose. The attempts made by co-operatives to meet this demand and the problems and difficulties that arose are discussed subsequently.

The proportion of sheep-breeding families reporting repayments during the Survey year was 34 per cent and the amount repaid was Rs 195 per family or Rs 574 per repaying family.

The net borrowings of the sheep-breeders during the Survey year, as a result of their borrowing and repaying activities, amounted to Rs 509 per family, as compared to their debt at the beginning of the year at Rs 369 per family. The outstanding debt at the end of the year, including the interest accumulated during the year, which amounted to Rs 960 per family, represented an increase of 160 per cent over the debt outstanding at the beginning of the year. The proportion of sheep-breeders who recorded an increase and a decrease in debt during the Survey year was 50 per cent and 5 per cent, respectively, the rest comprising mainly the non-indebted families.

### 3. CO-OPERATIVE SHEEP-BREEDERS' SOCIETIES

#### 3.1 Introductory

The Co-operative Movement in the district was in its infancy during the Survey year. The central co-operative bank, established in 1951, had also recently started functioning. The absence of well-developed primary agricultural credit societies is partly explained by the fact that crop production was highly uncertain and carried on mainly for home consumption, and, as the cash expenditure involved in current farm operations was generally very low, the demand for short-term credit for crop production was also relatively small.

During the Survey year, the central co-operative bank was, however, faced with issues regarding the nature and adequacy of security against which medium-term loans could be issued to sheep-breeders' societies. The main purpose for which sheep-breeders required credit was, as already stated, purchase of sheep. The value of land owned by sheep-breeders was not, as was seen earlier, adequate to provide the requisite security against which such loans could be issued. According to the rules, a co-operative credit society could issue medium-term loans exceeding Rs 500, only after creating a legal charge over the borrower's owned land, worth at least twice the amount of the loan. Advances to marketing and non-credit societies, under which category the sheep-breeders' societies were registered, were permitted against the hypothecation or pledge of goods with a margin of 25 to 50 per cent, whereas clean advances to these societies were permitted upto their net owned capital. The central co-operative bank, however, advanced unsecured medium-term loans for the purchase of sheep to some of the sheep-breeders' societies from the funds supplied by the Community Projects Administration. Because of the objections raised by the various inspecting authorities, the central bank decided to advance further loans to sheep-breeders' societies only if the societies were able to furnish the necessary security under the rules. There was thus the problem of security against which medium-term loans for the purchase of livestock were to be provided by co-operative institutions.

#### 3.2 Working of the selected sheep-breeders' societies

The five sheep-breeders' societies selected for intensive study and the dates of their registration are given below :

Code Number of the society	Date of registration
Society BBS1	5 February 1957
Society BBS2	28 March 1957
Society BBS3	5 February 1957
Society BBS4	5 February 1957
Society BBS5	28 April 1956

The number of societies registered during the latter part of 1956-7 was four and only one society was registered in the first half of 1956. The period of operation of four societies during the Survey year was thus very brief. All the societies selected for the Survey were from Nokha taluk which was covered by the Community Development Programme.

### 3.3 By-laws

The by-laws under which the sheep-breeders' societies were registered, however, did not provide for the issue of loans to their members. The objectives of the societies, according to the by-laws, which were similar to those of better farming societies, were as under :

To promote the economic interests of the members by :

- (1) improving their methods of sheep-breeding,
- (2) disseminating amongst them up-to-date information in the matter of sheep-breeding,
- (3) arranging the joint purchase and joint sale of ewes and rams and disposal of improved or surplus stock,
- (4) adopting preventive measures against spread of contagious disease,
- (5) arranging for the grazing of their sheep, etc., and
- (6) the provision of educational assistance to its members, specially in sheep-breeding.

The societies were classified as agricultural non-credit societies, and supply of credit was not included among their objectives. The by-laws of the society did not mention the manner in which the credit limit of the society and of individual members was to be fixed. The procedure that should be followed in the disbursement and recovery of loans was of course also not mentioned in the by-laws and the registers which the societies were required to maintain, did not provide for a loan ledger for individual members or for a demand, collection and arrears register. The only mention in the by-laws regarding the contingency in which the society may be required to borrow from outside sources was for carrying out the functions entrusted to the Managing Committee. It was stated that one of the functions of Managing Committee would be "to contract loans subject to any restrictions

imposed by the General Meeting or by the Registrar". There was, however, no clause in the by-laws permitting the society to disburse loans among its members, which indicated that it was expected to function as a joint-production society.

The membership of the sheep-breeding society was open only to those who were owners of ten or more sheep. The societies were registered as limited liability societies in which the liability of a member for the debts of the societies was limited to five times the value of shares purchased by him. The value of shares of these societies was fixed at Rs 10 each and every member was required to purchase at least one share subject to a maximum of one-fifth of the issued share capital or Rs 1,000, whichever was less, as required under the Rajasthan Co-operative Societies Act, 1953.

The maximum credit limit of limited liability type societies was to be fixed, according to Rajasthan Co-operative Societies' Manual, at eight times their paid-up share capital and the aggregate of reserves, or at twice the liability of members fixed in the by-laws, whichever was less. The maximum credit limits of non-credit societies in actual practice, however, were being fixed at six times the paid-up share capital of the societies. The maximum credit limit of a member of a non-agricultural credit society with limited liability was to be fixed at not more than eight times the paid-up share capital held by him or any amount fixed in the by-laws subject to the first limitation. The maximum credit limit of a member of a sheep-breeders' society was, however, being fixed at five times the value of paid-up shares held by him. The working of the selected sheep-breeding societies is discussed below.

### 3.4 History

The date of registration of three of the five societies was 5 February 1957 and one more was registered subsequently on 28 March 1957. There is evidence to show that all these societies were organized and registered in a hurry without due regard to the various factors which should have been taken into account before their organization was undertaken.

### 3.5 Membership, financial position and credit operations

The membership and the financial position of the sheep-breeders' societies and their credit operations during 1956-7 are shown in Table 2. It will be observed that the membership of these societies ranged between 11 and 13. The paid-up share capital varied between Rs 110 in Society BBS5 to Rs 3,120 in Society BBS1. In Society BBS2, however, no paid-up share capital was reported. It was revealed that the share capital and admission fee were not collected from the members of the society although receipts were passed by the cashier while forwarding the registration papers to the Assistant Registrar. The societies did not advance any loans to their members during 1956-7 nor did they receive any amounts from the central co-operative bank during the year.

**TABLE 2—POSITION OF THE SELECTED SHEEP-BREEDING SOCIETIES IN  
BIKANER DISTRICT—1956-7**

(Amount in rupees)

	SOCIETY					
	BBS 1	BBS 2	BBS 3	BBS 4	BBS 5	Total
	1	2	3	4	5	6
Registered on	5-2-1957	28-3-1957	5-2-1957	5-2-1957	28-4-1956	
Membership as on 30 June 1957	11	13	12	11	11	58
Number of borrowing members	—	—	—	—	—	—
Owncd funds						
Paid-up share capital	3,120	— <sup>1</sup>	1,750	1,700 <sup>2</sup>	110	6,680
Reserve funds and other funds	11	—	8	11 <sup>2</sup>	6	36
Borrowed funds						
Deposits	—	—	—	—	—	—
Loans	—	—	—	—	—	—
Total working capital	3,131	—	1,758	1,711	115	6,715
Total loans issued during the year	—	—	—	—	—	—
Total loans outstanding at the end of the year	—	—	—	—	—	—
Cash in hand	3,128	—	1,708	1,708 <sup>2</sup>	65	6,609
Investments						
Shares of central bank	—	—	50	—	50	100
Capital assets of the society	—	—	—	—	—	—
Fixed deposits with banks	—	—	—	—	—	—
Profit (+) or loss (—)	—	—	+8	—	—	—

(Source : General Supply Schedule No. 1)

<sup>1</sup>The paid-up share capital of the society for which a receipt was passed by the cashier was not actually subscribed by the members and the society did not start functioning.

<sup>2</sup>The amount was only on paper, as it was already refunded.

*Society BBS1*

A loan of Rs 18,000, it appears, was required by the society and accordingly share capital contribution amounting to Rs 3,120 was raised from the 11 members comprising 312 fully paid-up shares of Rs 10 each so as to enable the Co-operation Department to fix the maximum credit limit of the society at the required amount. The society's loan application was forwarded along with its registration papers but no loan was sanctioned until July 1957 when five months had elapsed after it was registered. The reasons for the delay in the sanction of loans are discussed subsequently. The amount of loan sanctioned in July 1957, i. e., after the end of the Survey year, was, however, only Rs 4,000 which was inadequate and appeared to have caused discontent among the members.

*Society BBS2*

The society was registered only on paper but was taken into voluntary liquidation and, therefore, never came into actual existence.

*Society BBS3*

This society came into existence on 5 February 1957 with a share capital of Rs 1,750 and maximum borrowing power of Rs 10,500. The society, however, was sanctioned a loan of Rs 3,000 as a first instalment in May 1957, as against an amount of Rs 8,700 applied for. The amount was drawn by the society in August 1957 and disbursed in September 1957. The loan amount was disbursed to individual members for purchase of sheep for a three-year period repayable in annual instalments against personal security. It was found that two members of the society owned either no sheep or less than ten sheep. It was also observed that a loan of Rs 1,000 was given to only one member. The membership of the society was not restricted to sheep-breeders only as was laid down in the by-laws; loan amounts were not distributed equitably, and tangible security was neither demanded nor given although the loans were of a medium-term character.

*Society BBS4*

The society was taken into voluntary liquidation as in the case of Society BBS2. The paid-up share capital of the society was Rs 1,700 and the maximum credit limit fixed was Rs 10,000. It was decided to allot an amount of Rs 8,000 to the society of which Rs 3,000 were sanctioned as the first instalment. The members, however, refused to avail of this loan because they felt that payment in instalments would not serve their purpose. The society, therefore, refunded the share money to its members.

*Society BBS5*

The paid-up share capital of the society, registered on 28 April 1956, was only Rs 110 and its maximum credit limit was, therefore, fixed at Rs 600. In this society also the members were promised large loans and were told that on becoming its members they would be given certain other facilities such as common grazing grounds, watering arrangements, etc. The members were disappointed because their expectations regarding the availability of credit and other facilities from the society did not materialize and, therefore, the matter was not pursued by them. The society was not sanctioned any loan.

### 3.6 Loan procedure and loan policies

The time taken to get a loan sanctioned and to disburse it among the members was generally very long. The loan procedure under the arrangements prevailing for financing the sheep-breeders' societies involved the following steps:

- (1) The Assistant Inspector and Village Level Worker had to assist the societies in preparing the loan application and forward it to the Inspector.
- (2) The Inspector scrutinized the loan application and forwarded it to the Project Executive Officer.

- (3) The Project Executive Officer was authorized to sanction loans only upto certain amounts; loan applications for higher amounts were to be forwarded to the appropriate authorities for sanction.
- (4) The Assistant Registrar and the central co-operative bank were informed after the loan was sanctioned. The central co-operative bank thereafter executed the necessary deeds.
- (5) The amounts were to be drawn from the treasury by the Assistant Registrar on fully vouched contingent bills and these bills were endorsed for payment directly to the central co-operative bank.
- (6) The central co-operative bank informed the societies concerned of the receipt of the loan amount.
- (7) The authorized representative of the society was to arrange for the withdrawal of the loan amount from the central co-operative bank provided the central bank did not raise any objection on any technical grounds.
- (8) The disbursement of the loans to the members of the society was again dependent upon the presence of the Assistant Inspector because the secretary and members of the Managing Committee generally did not know the formalities to be observed in disbursing the loans to the members.

It is obvious that the above procedure was too cumbersome and required to be streamlined.

### 3.7 Audit/inspection and supervision

Society BBS1 was neither audited nor inspected since its inception. The Assistant Inspector visited the society only once to assist in preparing papers in connexion with receiving loan amounts granted by the central co-operative bank. Society BBS2 never came into existence and naturally was neither inspected nor audited after its registration. Society BBS3 was audited for the year 1956-7 in September 1957. It was visited four times by the Assistant Inspector. The society, however, was not inspected by the Inspector since its inception until September 1957 when the loan was disbursed. Society BBS4 was also visited by the Assistant Inspector four times in connexion with purposes generally the same as mentioned above. This society was brought into voluntary liquidation and was neither inspected nor audited by the Inspector and the Auditor, respectively, until the end of August 1957. Society BBS5 was audited in May and September 1957 for audit of accounts for the years 1955-6 and 1956-7, respectively. It was also inspected once by the Inspector and visited by the Assistant Inspector thrice. The society, however, was lying defunct and never started functioning effectively.

Frequency of supervision, inspection and audit, inadequate though it was, did not constitute the only or even the most important shortcoming of the staff entrusted

with these responsibilities. As was pointed out earlier, the sheep-breeders' societies were not constituted so as to function as credit societies and there was no provision for maintenance of the necessary records regarding loan transactions with individual members. The quality of inspection appears to have been even poorer than that of supervision as indicated by the fact that the Inspector did not either raise any objection to the undertaking of credit activities by the sheep-breeders' societies or suggest the need for maintaining the accounts properly.

### 3.8 Questionnaire to the members of sheep-breeders' societies

Fifty-two members of the five sheep-breeders' societies selected for the Survey were interviewed with a view to eliciting information about the societies in general and to ascertain their views on the working of the societies in particular. Information was collected on the debt position of these members with a view to ascertaining the extent to which they borrowed from the societies. The sheep-breeders' societies, however, had not advanced any loans during 1956-7 and, therefore, these data are not of much interest in the present context. The replies of the members to questions regarding their impression about the working of the societies indicated that they were thoroughly dissatisfied with the state of affairs for which they blamed largely the Departmental staff. Thirty-one members from three selected societies reported that for all practical purposes these societies were not functioning, and 21 members of the remaining two societies stated that the working of these societies was not satisfactory. The reason given by the members for the moribund state of these societies was that the staff of the Co-operation Department had led them to believe that adequate finance accompanied by proper guidance would be given to them if they agreed to form a society; however, these expectations did not materialize.

### 3.9 Concluding remarks

The working of the sheep-breeders' societies selected for study revealed an unsatisfactory state of affairs. The loans were sanctioned or disbursed to two of the five societies, financed by the central bank, after the end of the Survey year. The other societies did not get any loans; two were taken into voluntary liquidation. The cashier of one of these societies had passed receipts for share money and admission fee without collecting the money at the time of forwarding the registration papers. The amount of loan sanctioned to one of the remaining three societies was Rs 8,000 but it was decided to disburse an amount of Rs 3,000 as the first instalment. The members considered it as inadequate and refused the loan. The central co-operative bank, meanwhile, had discontinued channelizing loan amounts received from the Community Projects Administration to the sheep-breeders' societies as a result of objections raised by inspecting authorities on the question of security against which medium-term loans for the purchase of livestock were being given. Attempts to provide medium-term loans to the sheep-breeders through their co-operative societies, thus, did not succeed, and created a stalemate over the issue of security to be taken against such loans.



#### 4. MARKETING OF WOOL

The number of traders dealing in wool at Bikaner was estimated at about 150. They were drawn mainly from two categories, namely, packers and commission agents. The commission agents arranged for marketing of wool brought into the city by village traders and occasionally by producers. The total number of firms engaged in the commission agency business was estimated at about 25. The packers, who arranged for the processing of raw wool for being pressed into bales, numbered over 100. Usually there was also a trader dealing in wool in some of the towns of the district, who assembled wool brought by village traders or producers from the surrounding areas and arranged to transport it to Bikaner. The village traders purchased wool from the producers and sold it either in Bikaner market or to a trader in a nearby town. The number of traders interviewed was 22, comprising 10 packers, 6 packer-cum-commission agents at Bikaner; 4 traders in other towns and 2 village traders.

##### 4.1 Methods of marketing and processing

Replies to our questionnaire by the traders revealed that raw wool was usually brought from the village on camels to the nearest centre from where it could be transported by rail or road to Bikaner. This involved in some cases a distance of even 25 to 30 miles. Wool was usually taken to the residence of one of the commission agents at Bikaner as there was no regulated market. The commission agent usually had a large compound attached to his house with sheds where wool brought by producers and village traders was kept in lots until it was sold. The bulk of the wool was purchased by packers who arranged to send it to port towns, mainly Bombay, for export; a very small quantity was used locally mainly for the manufacture of blankets.

The commission agents usually kept in touch with the packers in the city and were well informed about their requirements. On arrival of wool from villages they contacted a few packers and fixed a time for auction. The number of persons present at the auction was extremely small, usually not exceeding five or six. In his anxiety to return to his village and get the cash as soon as possible, the village trader or producer seldom held on to the produce even if the price offered was lower than his expectations. The auctions were held under "the closed bid" system. Under this system, the prices offered by the buyers remained secret and, therefore, the scope for competition was extremely limited. The buyers, particularly those who were adept at assessing the proportion of foreign matter, impurities etc., in the wool lots, felt that the system was to their advantage as compared to "the open bid" system. The interests of the producers and the village traders who were deprived of the benefits of competitive bidding, however, suffered under this system. In view of the fact that the market for wool for some years past was a sellers' market, the payment of price to the producers or village traders was generally prompt and was made immediately after the transaction took place, both at the village level and at Bikaner.

The packers who purchased wool from commission agents usually arranged to transport it to their own houses where it was processed for being pressed into bales.

The processing involved mainly removal of thorns, dirt, etc., sorting according to colours, quality-mixing and caning the various qualities mixed in order to achieve homogeneity and producing fluffiness. These processes were carried out manually, and usually women labourers were employed for the purpose.

There were two factories in Bikaner for pressing and baling of wool. This facility was not available at any other place in the district and hence, wool from a number of surrounding districts came to Bikaner for this purpose. The quantity of wool pressed in Bikaner was reported to be the highest among the North Indian centres. It increased from a monthly average of 1,769 bales in 1955 to 2,716 bales in 1957. The quantity pressed during the year 1957, on the basis of the monthly average of the first ten months, would have been about 32,600 bales valued at about Rs 3.26 crores, assuming the price to be about Rs 1,000 per bale.

The bulk of the wool produced in Rajasthan was exported abroad and a small proportion was consumed within the country. The packers who directly exported wool generally had their offices in Bombay also, from where the wool was shipped abroad. There were others who arranged for the export of wool through commission agents at Bombay.

The number of times a lot of wool was liable to change ownership in the marketing process and the types and number of middlemen involved, may be recapitulated. The sale of wool by the producer generally took place at the village level, except where the villages were situated near Bikaner city itself. It was usually purchased by the village traders. The headman of the village acted as a commission agent in villages in which there were no traders. He supplied valuable information to the prospective buyers from outside the village such as traders from other villages, representatives of packers at Bikaner, etc. He also indicated the whereabouts of migratory sheep-breeders, the quality of wool produced by the herds belonging to different sheep-breeders etc., in addition to providing shelter and food to them. Wool, particularly in taluks situated at a distance from Bikaner, passed through another trader in the marketing centres of the taluk, before it was brought to Bikaner. The commission agents at Bikaner arranged for the sale of wool in the city to the packers. The packers who arranged to get the wool processed and baled, usually had to depend upon commission agents at the port towns, mainly Bombay, for export of wool, except some who were direct exporters. The commission agents at Bombay arranged for the storage of wool until it was sold to exporters under advice from the packers in so far as price etc., were concerned. Wool thus changed ownership at least three times, first from the producer to the village trader, second from the village trader to the packer and third, from the packer to the exporter. The exporter himself was not always able to sell directly to the manufacturers abroad, as the wool passed through one or more intermediaries in the importing countries. The number of commission agents through whom sale of wool was effected within the country was generally at least two, one each at Bikaner and Bombay and sometimes three, if the commission charges paid at the village level to the headman

are taken into account.<sup>1</sup> Thus there was a long chain of middlemen between the producers and the manufacturers as will be seen from the subsequent discussion and this can be traced mainly to the lack of a proper system of grading wool.

#### 4.2 Grading of wool

The marketing of Indian wool has traditionally suffered from lack of a proper system of grading, as a result of which a large proportion of wool produced in the country is put to inferior uses such as the manufacture of carpets and blankets, both at home and abroad, and a very small proportion to the manufacture of woollen textiles. The average price fetched by Indian wool is much lower than that which would be realized under a proper system of grading which allows for appropriate premia and discounts based on quality differences. The origin of the present state of affairs in the grading of wool can be traced back to the days of colonial rule when a few foreign firms had a monopoly. The profits earned by them by selling an indiscriminate mixture of different qualities of Indian wool for inferior uses even at relatively lower prices were enormous on account of large quantities handled. The interests of the producers and the development of the sheep-breeding industry and Indian wool trade along systematic lines were disregarded. The Government of India, after Independence, initiated efforts to correct these defects by introducing certain minimum standards of purity in wool meant for export through the "Agmark" system. The standards adopted, however, were designed mainly to prevent the mixture of extraneous matters with wool and the mixture of wool of different colours. The more important quality-factors which determine the spinning value of wool and, therefore, its suitability for the manufacture of woollen textiles such as length and fineness of fibre, its strength, elasticity and lustre, crimp, felting properties etc., are not taken into account and therefore, the basic problem yet remains to be tackled. The solution to this problem is not an easy one because wool of different qualities is mixed by the producers themselves which renders its subsequent grading by the trade very difficult.

The grading of wool on the basis of the quality-factors mentioned above involve a more systematic preparation of wool for the market by the producers, ensuring in particular that (a) the wool from different parts of the body of sheep is kept separate, (b) the wool produced during different seasons is not mixed, (c) the shearing of sheep is done in a scientific way so as not to affect the length of the fibre and (d) the sheep are properly prepared by washing, etc., before shearing. The failure of the sheep-breeders to observe these quality-factors would make it difficult subsequently to grade the wool according to recognized standards. The Sheep and Wool Improvement Department of the Rajasthan Government is making considerable efforts to

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<sup>1</sup> The complexity of the marketing process and the number of middlemen involved was larger in the wool shipped abroad on a consignment basis for being sold at Liverpool auctions. The bulk of the wool exported from India prior to the Second World War was on this basis; but the Government of India have restricted sale on consignment basis to 25 per cent of the quantity exported. The wool sold under this system had to be shipped through agents or representatives in India of certain firms in the U.K., which, in turn, offered it for auction through other intermediaries.

educate the sheep-breeders in these matters. The response from the sheep-breeders, however, has not been satisfactory as the necessary extra care and effort involved would not fetch them a better price under the existing marketing system. The foreign buyers from whom the demand for Indian wool mainly emanates are satisfied with the present system of marketing, as under it wool is available to them at a relatively low price. The initiative for introducing a proper system of grading, therefore, is not forthcoming from the trade. The lack of proper system of grading, involving appropriate premia and discounts on the basis of quality differences led to adulteration and mixture of qualities by the producers which, in turn, made it difficult to introduce a proper system of grading; this vicious circle can be broken only if the marketing of wool is further regulated by the Government, proper standards of grades are introduced and auction floors are organized at principal port towns such as Bombay and Calcutta, instead of permitting wool to be auctioned at Liverpool. The Agricultural Marketing Adviser to the Government of India recommended the adoption of these measures to the Government of India as far back as in 1948, and it may be expected that in the light of the experience gained in the present "Agmark" scheme introduced in 1953, further measures in this direction will be taken.

#### 4.3 Marketing costs

The charges involved in the marketing, processing and exporting of raw wool add up to a long list, as was revealed by the traders interviewed. The types of charges at various stages include weighment, commission, transport, octroi, labour, allowances for charity, presence of dirt and black wool, cleaning charges involving removal of thorns, sorting according to colours and caning, storage, 'Agmarking', pressing, association fee, insurance, postage, telegram and telephones, payment for clearance certificate and ocean freight. The charges listed above are not comprehensive but, what is more important, many of them have to be incurred more than once in the marketing process on account of frequent changes in the ownership of wool and the presence of a large number of middlemen in its marketing. Transport, labour, weighment and storage charges, for example, have to be borne several times for each lot of wool sold by the producer in the village until it is exported; commission has to be paid in the village, in Bikaner and in Bombay. The various charges cannot be computed so as to indicate the costs of handling and the profits of middlemen in relation to the price received by the producers. The processing and other charges vary according to the quality of wool, the extent of dirt, the season in which it is produced etc. The mixing of different qualities and lots of wool which is practised, however, makes it impossible to compute the charges on any particular lot until it is finally exported.

#### 4.4 Measures to regulate the marketing and grading of wool

Lack of a regulated market at Bikaner and proper system of grading wool adversely affects the interests of the producers and the development of the sheep-breeding industry as well as the trade in Indian wool. The setting up of a regulated market at Bikaner is the responsibility of the State Government and that of evolving a proper system of grading wool, being a countrywide problem, that of the Union

## APPENDIX 4

### IMPORTANT PROVISIONS OF MONEYLENDING LEGISLATION IN FORCE DURING 1956-7 IN DIFFERENT STATES

State/Name of the Act	Registration of money-lenders	Licensing of money-lenders	Maintenance of accounts in prescribed form	Prohibition against showing in books or any other document a sum larger than what has already been lent	Furnishing of periodical statements of accounts to debtors
	1	2	3	4	5
<b>Bombay</b> The Bombay Moneylenders Act, 1946 as amended in 1948, 1949, 1951 and 1955	Yes	Yes	Yes	Yes	Yes (also on demand)
<b>Mysore</b> The Mysore Moneylenders Act, 1939 <sup>1</sup>	Yes	Yes	Yes	No	No (except on demand)
<b>Madras</b> (i) The Madras Debtors' Protection Act, 1934, <sup>2</sup> and (ii) The Madras Pawn Brokers Act, 1943	No No	No Yes	Yes Yes	No Yes	} No (except on demand)
<b>Andhra Pradesh</b> The Hyderabad Moneylenders Act, 1349 <i>Fasli</i> <sup>3</sup> as amended in 1351F, 1355F and 1357F	Yes	Yes	Yes	No	
<b>Punjab</b> (i) The Punjab Regulation of Accounts Act, 1930 and (ii) The Punjab Registration of Moneylenders Act, 1938 <sup>4</sup>	} Yes	Yes	Yes	No	Yes
<b>Uttar Pradesh</b> The U. P. Regulation of Agricultural Credit Act, 1940, re-enacted in 1948 <sup>5</sup>					
<b>Madhya Pradesh</b> The Madhya Pradesh Moneylenders Act, 1934 as amended in 1937, 1939, 1940 and 1951 <sup>6</sup>	Yes	Yes	Yes	No	Yes
<b>Bihar</b> The Bihar Moneylenders Act, 1938 as amended in 1939 <sup>7</sup>	Yes	— <sup>8</sup>	Yes	No	Yes
<b>West Bengal</b> The Bengal Moneylenders Act, 1940 as amended in 1949 and 1950	Yes	Yes	Yes	Yes	Yes (also on demand)
<b>Rajasthan</b> No moneylending legislation was in force.					

Source: Agricultural Legislation in India: Vol. I, Regulation of Moneylending (1956) and Vol. III, Relief of Agricultural Indebtedness, Ministry of Food and Agriculture, Government of India)

<sup>1</sup>The Mysore Usurious Loans Regulations, 1923.

<sup>2</sup>The Usurious Loans (Madras Amendment) Act, 1935 and the Madras Agriculturists Relief Act, 1938 and the Madras Indebted Agriculturists (Protection of Debts) Act, 1935.

<sup>3</sup>Act in force in pre-reorganised State of Hyderabad.

<sup>4</sup>The Punjab Debtors' Protection Act, 1936 and the Punjab Relief of Indebtedness Act, 1934.

<sup>5</sup>The Usurious Loans Act, 1918, the U. P. Debt Redemption Act, 1940, the U. P. Agriculturists Relief Act, 1934, and the U. P. Indebted Loans Act, 1934.

<sup>6</sup>The Central Provinces and Berar Moneylenders Supplementary Act, 1939, the Central Provinces and Berar Protection of Debtors Act, 1937, the Madhya Pradesh Moneylenders Act, 1937, the Madhya Bharat Usurious Loans Act, 1934 and the Usurious Loans Act, 1918.

<sup>7</sup>The Bihar Moneylenders (Regulation of Transactions) Act, 1933.

<sup>8</sup>Not strictly made obligatory; but unless registered, moneylender cannot file a suit.

## APPENDIX 4—(Continued),

IMPORTANT PROVISIONS OF MONEYLENDING LEGISLATION  
IN FORCE DURING 1956-7 IN DIFFERENT STATES

State/Name of the Act	Furnishing of statements to debtor in prescribed form giving full particulars about each loan as and when advanced	Issue of receipt to the debtor for every payment received	The enforcement of rule of <i>damdapat</i>	Prohibition against taking unlawful charges for expenses, etc.	Provision to entitle debtor to deposit at any time in a court of law an amount in part or in full payment of loan to be paid to the creditor
	6	7	8	9	10
1. Bombay The Bombay Moneylenders Act, 1946 as amended in 1948, 1949, 1951 and 1955	Yes	Yes	Yes	Yes	Yes
2. Mysore The Mysore Moneylenders Act, 1939	No	Yes	Yes	No	No
3. Madras (i) Madras Debtors' Protection Act, 1934, and (ii) Madras Pawn Brokers Act, 1943	No No	Yes Yes	No No	No Yes	No No
4. Andhra Pradesh The Hyderabad Moneylenders Act, 1349 <i>Fasli</i> as amended in 1351F, 1355F and 1357F	No	Yes	Yes, but limited	Yes	No
5. Punjab (i) The Punjab Regulation of Accounts Act, 1930, and (ii) The Punjab Registration of Moneylenders Act, 1938	No	No	Yes	No	No
6. Uttar Pradesh The U. P. Regulation of Agricultural Credit Act, 1940, re-enacted in 1948	No	No	Yes	No	No
7. Madhya Pradesh The Madhya Pradesh Moneylenders Act, 1934 as amended in 1937, 1939, 1940 and 1951	No	Yes	Yes	No	No
8. Bihar The Bihar Moneylenders Act, 1938 as amended in 1939	Yes	Yes	Yes	Yes	Yes
9. West Bengal The Bengal Moneylenders Act, 1940 as amended in 1949 and 1950	Yes	Yes	Yes	Yes	Yes
10. Rajasthan No moneylending legislation was in force.					

## APPENDIX 4—(Continued)

**IMPORTANT PROVISIONS OF MONEYLENDING LEGISLATION  
IN FORCE DURING 1956-7 IN DIFFERENT STATES**

State/Name of the Act	Prohibition of contract for payment of loan out- side the State	Institution of suits by debtors for taking account and for having amounts due from them deter- mined	Protection of debtors from mole- station and intimidation	Infringement of the provi- sions of the law to be made a criminal offence punish- able with fine and in appro- priate cases with imprison- ment.
	11	12	13	14
1. Bombay The Bombay Moneylenders Act, 1946 as amended in 1948, 1949, 1951 and 1955	No	Yes	Yes	Yes
2. Mysore The Mysore Moneylenders Act, 1939	No	No	Yes	Yes
3. Madras (i) The Madras Debtors' Protection Act, 1934, and (ii) The Madras Pawn Brokers Act, 1943	No No	No No	No No	No Yes
4. Andhra Pradesh The Hyderabad Moneylenders Act, 1349 Fasli as amended in 1351F, 1355F and 1357F	No	No	Yes	Yes
5. Punjab (i) The Punjab Regulation of Accounts Act, 1930, and (ii) The Punjab Registration of Moneylenders Act, 1938	No	No	No	No
6. Uttar Pradesh The U. P. Regulation of Agricultu- ral Credit Act, 1940, re-enacted in 1948	No	Yes	No	No
7. Madhya Pradesh The Madhya Pradesh Moneylenders Act, 1934 as amended in 1937, 1939, 1940 and 1951	No	No	Yes	Yes
8. Bihar The Bihar Moneylenders Act, 1938, as amended in 1939	Yes	No	No	Yes
9. West Bengal The Bengal Moneylenders Act, 1940 as amended in 1949 and 1950	No	Yes	Yes	Yes
10. Rajasthan No moneylending legislation was in force.				

## APPENDIX 4

**IMPORTANT PROVISIONS OF MONEYLENDING LEGISLATION  
IN FORCE DURING 1956-7 IN DIFFERENT STATES—(Concluded)**

State/Name of the Act	MAXIMUM RATE OF INTEREST (PER CENT PER ANNUM) PERMITTED ON			
	SECURED LOANS		UNSECURED LOANS	
	Simple	Compound	Simple	Compound
	15	16	17	18
1. Bombay The Bombay Moneylenders Act, 1946 as amended in 1948, 1949, 1951 and 1955	9	—	12	—
2. Mysore The Mysore Moneylenders Act, 1939	9	6 with yearly rests	12	6 with yearly rests
3. Madras (i) The Madras Debtors' Protection Act, 1934, and (ii) The Madras Pawn Brokers Act, 1943	9 6½-9½	— <sup>2</sup> —	15 —	— <sup>2</sup> —
4. Andhra Pradesh The Hyderabad Moneylenders Act, 1349 Fasli as amended in 1351F, 1355F and 1357F	6	Prohibited	9	Prohibited
5. Punjab (i) The Punjab Regulation of Accounts Act, 1930, and (ii) The Punjab Registration of Moneylenders Act, 1938	7 <sup>1</sup>		12½	
6. Uttar Pradesh The U. P. Regulation of Agricultural Credit Act, 1940, re-enacted in 1948	4½	—	6	—
7. Madhya Pradesh The Madhya Pradesh Moneylenders Act, 1934 as amended in 1937, 1939, 1940 and 1951	12	10	18	10
8. Bihar The Bihar Moneylenders Act, 1938 as amended in 1939	9	Prohibited	12	Prohibited
9. West Bengal The Bengal Moneylenders Act, 1940 as amended in 1949 and 1950	8	—	10	—
10. Rajasthan No moneylending legislation was in force.				

<sup>1</sup> Or 2 per cent over Bank Rate whichever is higher at the time of taking the loan.

<sup>2</sup> If compound interest is charged, the amount claimed by way of such interest should not exceed the amount calculated on the basis of the rates of simple interest specified over the same period.



**APPENDIX 5****APPLICATIONS FOR LOANS FROM CENTRAL BANKS TO BE  
SUBMITTED BY THE PRIMARY CREDIT SOCIETIES****(1) BROACH**

1. Serial Number
2. Account Number
3. Name of the member (all the members to be enumerated)
4. Place of Residence
5. Details of outstanding debts
  - 5.1 Amount due for repayment last year
  - 5.2 Amount due for repayment this year
  - 5.3 Amount due for repayment next year
  - 5.4 Total
6. Estimated recovery
7. Shares and Deposits
  - 7.1 Shares
  - 7.2 Deposits
8. Owned area
  - 8.1 Area in acres
  - 8.2 Total value
9. Area declared under Section 24AA
  - 9.1 Area in acres
  - 9.2 Value
10. Details about declaration
  - 10.1 Date on which entry was made and entry number
  - 10.2 Details regarding total encumbrance under the declaration
11. Cultivated area
  - 11.1 Area owned and cultivated
  - 11.2 Area cultivated under tenancy
  - 11.3 Total cultivated area
12. Produce sold through co-operatives
  - 12.1 Details
  - 12.2 Value
13. Maximum credit limit according to the approved policy
14. Actual credit limit sanctioned during the previous year
15. Amount applied for by members
16. Credit limit sanctioned
  - 16.1 By society
  - 16.2 By the supervising union
  - 16.3 By the bank
17. Remarks

(2) EAST KHANDESH<sup>1</sup>

1. Serial Number
2. Name of the member
3. Total amount of loans due from the member to date (i.e., as on the day of filling in the particulars)
  - 3.1 Short-term
  - 3.2 Medium-term
  - 3.3 Long-term
  - 3.4 Interest due
  - 3.5 From other societies
4. Estimated recoveries (of principal) from the member during the current season out of :
  - 4.1 Short-term loans
  - 4.2 Medium-term loans
  - 4.3 Long-term loans
5. Details of arrears
  - 5.1 Short-term loans
    - 5.1.1 Principal
    - 5.1.2 Date
  - 5.2 Medium-term loans
    - 5.2.1 Principal
    - 5.2.2 Date
  - 5.3 Long-term loans
    - 5.3.1 Principal
    - 5.3.2 Date
6. Fresh loan required for farm expenses during the current year
  - 6.1 For miscellaneous agricultural purposes
  - 6.2 For seed, manures and fertilizers, etc.
  - 6.3 For weeding and other operations
  - 6.4 Total
7. Cultivated area
  - 7.1 Land owned and cultivated by the member himself
    - 7.1.1 Acres
    - 7.1.2 Land Revenue
  - 7.2 Mortgages
  - 7.3 Taccavi loans and instalment
  - 7.4 From the area shown under 7.1.1, state area under garden crops and number of trees separately for oranges, sweet lemons and bananas
8. Net value of the land as per Assets Statement
9. Estimated net income of the member
  - 9.1 From agriculture
  - 9.2 Other income
10. Members' deposits or shares
  - 10.1 Deposits
  - 10.2 Shares

<sup>1</sup>Loan application forms for different types of loans were different; only one type of loan application form is given here for illustration.

11. Amount of short-term loan sanctioned by the Bank last year
12. Net value of land offered by the member for the creation of a charge, as per the Assets Statement
13. Amount of short-term loan sanctioned by the General Meeting for the current year
14. Amount of short-term loan recommended by the Union or by the Taluka Committee
15. Short-term loan recommended by the Inspector
16. Final sanction by the Bank
17. Remarks

### (3) DHARWAR

1. Serial Number
2. Declaration Register Number
3. Loan account Number
4. Name of the member
5. The value of the shares of the member
6. Owned land possessed by the member
  - 6.1 Nature of the tenure
  - 6.2 Area
  - 6.3 Land Revenue
7. Description of the land declared by the member
  - 7.1 Nature of the tenure
  - 7.2 Area
  - 7.3 Land Revenue
  - 7.4 Other encumbrances
  - 7.5 Value of the land
8. Area of land taken on lease
9. Loans outstanding as on the date when the credit statement was prepared
  - 9.1 Short-term
  - 9.2 Medium-term
10. Overdue
  - 10.1 Short-term
  - 10.2 Medium-term
11. Amount due for repayment as per Loan Register
  - 11.1 Short-term
  - 11.2 Medium-term
12. Area to be cultivated in the next season, particulars of the crop to be grown and the amount required
  - 12.1 Area
  - 12.2 Rupees
13. Total area to be sown
14. Required amount
15. Consumption
16. Measures
17. Miscellaneous

18. Total amount required
19. Amount of loan applied
  - 19.1 Short-term
  - 19.2 Medium-term
20. Credit sanctioned
  - 20.1 General Body meeting
    - 20.1.1 Short-term
    - 20.1.2 Medium-term
  - 20.2 Supervisor
    - 20.2.1 Short-term
    - 20.2.2 Medium-term
  - 20.3 Bank Inspector
    - 20.3.1 Short-term
    - 20.3.2 Medium-term
21. Number of instalments for disbursing short-term loan
22. Has the member sold his produce through the marketing society
23. If sold, its value
24. Remarks

#### (4) COIMBATORE

##### Financial position of the members applying for loans and their guarantors

1. Admission No.
2. Name of the member
3. Assets
4. Liabilities
5. Net assets
6. Subscribed and paid-up share capital of the member
7. Loan required
8. Net income of the member
9. Date on which loan required will be repaid
10. Loan outstanding against the member as on the date of application
11. Of which the amount and the date on which the next instalment is due for repayment
12. Purpose of loan
13. Security for loan
  - 13.1 Mortgage
    - 13.1.1 Particulars about the property mortgaged
    - 13.1.2 Current market value
  - 13.2 Third party guarantee
    - 13.2.1 Admission No.
    - 13.2.2 Subscribed and paid-up share capital
    - 13.2.3 Name of guarantor
    - 13.2.4 Assets
    - 13.2.5 Liabilities
    - 13.2.6 Net assets

13.2.7 Net income

13.2.8 If already standing surety, extent of guarantee

14. Signatures of loan applicants and guarantors

#### (5) WEST GODAVARI

Statement showing the member-wise distribution of loan to be taken by.....Co-operative  
Credit Society No.....from the Co-operative Central Bank Limited, ELURU

1. Serial Number
2. General number and name of the member
3. Total assets of the member who has applied for loan
4. Number of shares held by the member
5. Total outstanding loan to the society as on this date
  - 5.1 Short-term
  - 5.2 Long-term
  - 5.3 Total
  - 5.4 Amount overdue
6. Loans sanctioned by the members of the board
  - 6.1 Total loan
  - 6.2 Purpose
  - 6.3 Period
7. Particulars of security
  - 7.1 If on surety
    - 7.1.1 General numbers of the sureties
    - 7.1.2 Net assets of the sureties
    - 7.1.3 Amount for which the guarantor stood as surety for others
  - 7.2 Mortgage
    - 7.2.1 Survey Number
    - 7.2.2 Area
    - 7.2.3 Value
8. Outstanding of loans borrowed by the member from others
  - 8.1 Against income
  - 8.2 Others
  - 8.3 Total
9. Income of the member who has applied for loan
  - 9.1 Cultivation
    - 9.1.1 Through owned lands
    - 9.1.2 Through leased lands
  - 9.2 Others
10. Expenditure of the member who has applied for loan
  - 10.1 Family expenditure
  - 10.2 Other expenditure

11. Net savings out of the yearly income
12. Signature of the member

## THE CO-OPERATIVE CENTRAL BANK LIMITED, ELURU.

Form No. 2

Statement showing particulars of loans receivable by the Co-operative Credit Society No. ....  
from the members as on .....

1. Serial Number
2. General Number and name of the member
3. Loan
  - 3.1 Number
  - 3.2 Date
  - 3.3 Total
  - 3.4 Instalment
4. Date of last repayment
5. Total recoveries
  - 5.1 Principal
  - 5.2 Interest
6. Loans outstanding
7. Loans overdue
  - 7.1 Principal
  - 7.2 Interest
8. Particulars of security :  
If sureties are standing as security their General Numbers and if the security is immovable property, its particulars and value
9. Net assets
10. Action taken on overdue loans
11. Supervisor's remarks
12. Orders issued by the bank

(6) FEROZEPUR

### LOAN APPLICATION

To

THE CENTRAL CO-OPERATIVE BANK LTD.

Dear Sir,

We, the.....Co-operative Society, Ltd./Unlimited.....  
hereby apply for a loan of Rs.....(Rs. in words) from the Central Co-operative Bank Ltd.

<sup>1</sup>In column number 11 debtors are to be classified in the following manner and the reasons therefor are also to be mentioned.

- (a) Those who can repay their loans (taken on a proper security) from their income either before the due date or before the extended due date.
- (b) The security being not proper those who can and are prepared to give additional security and can repay the loans before the due date or before the extended due date.
- (c) Those in whose case action needs to be taken as they neither can repay the loans from their income nor can give additional security or due to any other cause.

<sup>2</sup>During the Survey year, the proforma for loan application to be submitted by the credit society to the central bank varied from one central bank to another. The proforma given here is the one introduced by the Registrar in March, 1958.

For your information and record, we submit herewith the following documents :—

- (a) A copy of the resolution dated \_\_\_\_\_ of the Board of Directors/Managing Committee of the Society
- (b) A statement showing full particulars of the financial position of the society
- (c) A time-pronote for the sum of Rs. \_\_\_\_\_ duly executed by the authorised person

Yours truly,

for and on behalf of the  
Co-operative Society, Limited/Unlimited.

Secretary/President

Statement showing full particulars of the financial position of the society on the date of application

(To be filled in by the society)

1. Classification

2. Number of members.

3. OWNED CAPITAL OF THE SOCIETY:

(i) (a) Paid-up share-capital .. .. .	Rs.	_____
(b) Reserve Fund .. .. .	Rs.	_____
(c) Other funds .. .. .	Rs.	_____
Total (a) to (c) .. .. .	Rs.	_____
(ii) Accumulated losses, if any .. .. .	Rs.	_____

4. BORROWINGS:

(i) Deposit of (a) Members .. .. .	Rs.	_____
(b) Non-members .. .. .	Rs.	_____
(ii) Amount due to Central Co-operative Bank as:		
(a) Short-term loan .. .. .	Rs.	_____
(b) Medium-term loan .. .. .	Rs.	_____
(iii) Loan outstanding from other sources .. .. .	Rs.	_____
Total borrowings .. .. .	Rs.	_____

5. LENDING TO MEMBERS:

(a) Short-term:

(i) Agricultural .. .. .	Rs.	_____
(ii) Non-agricultural and other purposes .. .. .	Rs.	_____
Total .. .. .	Rs.	_____

(A) Medium term

(i) Agricultural

Rs.

(ii) Non-agricultural and other purposes

Rs.

Total

Rs.

(c) Rate of interest charged by the society on loan to members

Rs.

6. (a) Maximum credit limit

Rs.

(b) Interest beginning period (60) month 40

## PURPOSE WISE CLASSIFICATION OF THE LOAN APPLIED FOR

## SHORT-TERM LOAN

## MEDIUM-TERM LOAN

Purpose

Amount

Purpose

Amount

For agricultural purpose

Rs.

1. Reclamation of land ..Rs.

2. Bunding and other land improvement ..Rs.

For non-agricultural purpose

Rs.

3. Preparation of lands for orchards and plantations ..Rs.

4. Construction, development and maintenance of irrigation sources ..Rs.

5. Purchase of such livestock as are necessary or conducive to agriculture ..Rs.

6. Purchase of machinery implements and transport equipment as are necessary ..Rs.

7. Construction of farm houses, cattle sheds, etc. Rs.

8. Purchase, construction development or maintenance of such equipments as may be needed for carrying on animal husbandry and allied activities jointly undertaken with agricultural operations ..Rs.

9. Other purposes ..Rs.



## (7) ETAWAH

1. Serial number
2. Name of the borrower
3. Name of sureties
4. Loan applied for
  - 4.1 Purpose of loan
  - 4.2 Amount
  - 4.3 Normal credit limit
  - 4.4 Maximum credit limit
5. Total outstanding
6. Amount of loan due from the member
  - 6.1 Shares
  - 6.2 Interest
  - 6.3 Principal
7. Loan sanctioned
  - 7.1 Amount
  - 7.2 Purpose of loan
8. Instalment due for repayment
  - 8.1 Kharif — 19 — 19
  - 8.2 Rabi — 19 — 19
  - 8.3 Kharif — 19 — 19
  - 8.4 Rabi — 19 — 19
  - 8.5 Kharif — 19 — 19
  - 8.6 Rabi — 19 — 19
9. Remarks
  - 9.1 Reasons for granting loan inspite of overdues

## (8) MANDSAUR

(The Mandsaur Central Co-operative Bank, Ltd.)

1. Number
2. Name of the member
3. Amount to member's credit
  - 3.1 Share
  - 3.2 Deposit
4. Share amount that has fallen due
5. Loan to members
  - 5.1 Ordinary
    - 5.1.1 Principal outstanding
    - 5.1.2 Principal that has become due
    - 5.1.3 Interest
  - 5.2 Particulars of repayment of loan
    - 5.2.1 Repayment in respect of principal already due

- 5.2.2 Repayment in respect of principal that will become due
- 5.2.3 Interest
6. Particulars of land which member himself is cultivating
  - 6.1 Tax and area
  - 6.2 Cultivated
    - 6.2.1 Irrigated
    - 6.2.2 Non-irrigated
7. Value of property
8. Limit of the loan
9. Repayment of loan from expected income or produce
  - 9.1 Principal
  - 9.2 Interest
10. Purpose and amount of loan required by member
  - 10.1 Seeds and manure
  - 10.2 Bullocks
  - 10.3
  - 10.4 Other purposes
  - 10.5 Total
11. Signature or thumb impression of member
12. Panchayat's remarks
13. Supervisor's remarks
14. Manager or Agent's remarks
15. Sanctioning Bank or Assistant Registrar
16. Other suggestions

## (8) MANDSAUR

(The Neemuch Central Co-operative Bank, Ltd.)

- | Society   | Group | Pargana |
|---|-------|---------|
| 1. Serial Number  |       |         |
| 2. Name of applicant  |       |         |
| 3. Amount applied for   |       |         |
| 4. Purpose of loan  |       |         |
| 5. Previous amount due from the member (up-to-date)                                 |       |         |
| 5.1 Due   |       |         |
| 5.2 Overdue   |       |         |
| 6. Loan limit of member   |       |         |
| 7. Total cultivated land in possession of the member                                |       |         |
| 8. Amount of loan repaid by member to the Society during the year                   |       |         |
| 9. Maximum amount of loan that has been given to the member previously              |       |         |
| 10. Number of bullocks for which the loan was advanced to the member by the society |       |         |
| 11. Number of bullocks with the member at present                                   |       |         |
| 12. More land which the member wants to take under cultivation or purchase          |       |         |

13. Bank loan against the Society
  - 13.1 Due
  - 13.2 Overdue
  - 13.3 Loan limit of the Society
14. Sub-Inspector's recommendation
15. Inspector's recommendation
16. Remarks

(9) GAYA<sup>1</sup>

(Gaya Sadar Central Co-operative Bank)

1. Serial Number
2. Name of the Member
3. Financial position of the member and the dues to the member
  - 3.1 Acreage of Agricultural Land
  - 3.2 Approximate value of the Land
  - 3.3 Approximate value of the other property
  - 3.4 Deposit
  - 3.5 Share
  - 3.6 Total from 3.2 to 3.4
  - 3.7 Dues on account of land Revenue
  - 3.8 Dues to moneylenders
  - 3.9 Dues to Society
  - 3.10 Total from 3.6 to 3.8
4. Details with regard to the loan applied for :
  - 4.1 One year—Instalment (Short-term Loan)
    - 4.1.1 For cultivation
    - 4.1.2 For purchase of seed, manure, etc.
    - 4.1.3 Total
    - 4.1.4 Amount sanctioned by Society
      - 4.1.4.1 For seeds, cultivation, etc.
      - 4.1.4.2 For manure
  - 4.2 Three yearly instalment—(medium-term loan)
    - 4.2.1 For purchase of cattle
    - 4.2.2 Total
    - 4.2.3 Amount sanctioned in meeting of the society
  - 4.3 Five yearly instalment (Long-term Loan)
    - 4.3.1 For repayments to the moneylender
    - 4.3.2 For improvement of land
    - 4.3.3 For purchase of land
    - 4.3.4 Total
  - 4.4 Grand total of columns 4.1.3, 4.2.2 and 4.3.4
  - 4.5 Maximum borrowing limit fixed for the year
  - 4.6 Amount of loan already taken against the borrowing limit
  - 4.7 Overdue instalment on loans

<sup>1</sup>There are four central co-operative banks in Gaya. The loan application form of Gaya Sadar Central Co-operative Bank alone is given for the purpose of illustration.

- 4.8 Amount of loan for which lands have been given in mortgage  
 4.9 Remarks

(10) NADIA<sup>1</sup>

1. Serial No.
2. Name of members to whom crop loan is proposed
3. Amount of loan applied for by the members
4. Normal credit of the member (to be determined by the Society in terms of provision of the Act)
5. Whether the applicant is creditworthy
6. Total quantity of lands owned by the applicant
  - 6.1 Agricultural
  - 6.2 Non-agricultural
7. Total amount which will be necessary by the applicant for cultivation expenses of his lands.
8. If there is any difference between amounts noted in col. 3 & 7, state from which source the applicant will meet the difference
9. Total amount of rent payable on lands owned by the applicant
10. Period upto which rents have been paid and arrears of rent due, if any, with reasons for default
11. Loan recommended for the applicant
  - 11.1 By the Central Bank
  - 11.2 By the local departmental officer
  - 11.3 By the Assistant Registrar
12. Previous liabilities, if any, of members
  - 12.1 To the society
    - 12.1.1 Principal
      - 12.1.1.1 Long-term Loan Outstanding
      - 12.1.1.2 Short-term Loan (Crop)
        - 12.1.1.2.1 Outstanding
        - 12.1.1.2.2 Of which overdue
    - 12.1.2 Interest upto
      - 12.1.2.1 Long-term Loan
      - 12.1.2.2 Short-term (Crop) Loan
  - 12.2 To others
    - 12.2.1 Principal upto
    - 12.2.2 Interest upto
13. Total repayment made by the applicant in Long-term Loan during last five years
  - 13.1 Principal
  - 13.2 Interest
14. Area (in acre) for cultivation, of which the loan (mentioned in col. 11.2) will be required
15. Area and estimated market value of lands to be brought under mortgage
16. Single or double crop
17. Name of crop for cultivation of which the loan will be taken
18. Value of the expected produce (at controlled or market price whichever is less)
19. Amount required for cultivation of respective crop
20. Remarks

<sup>1</sup>There are two central co-operative banks in Nadia district. The loan application form of Nadia Central Co-operative Bank is given for purpose of illustration.

**APPENDIX 6**  
**VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF**  
**INDIVIDUALS AND SOCIETIES**

Particulars	1. Branch
<b>1. SHORT-TERM CREDIT: MEMBERS</b> 1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	Land owners — 5 times. Tenants — 3 times.
1.2 Relationship between the quantum of loan and the value of owned land.	The total amount of both short and medium-term loans could not exceed one-third of the value of owned land which was estimated at 120 times the land revenue assessment. <sup>3</sup>
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	Not operative, (Rs 400) if approved by the supervising union and the central bank.
1.4 The relationship between the quantum of loan and crop acreage.	Crop loan :—Rs 40 per acre of land irrespective of crops grown or 50 per cent of the produce sold by a member during the previous year whichever was higher. <sup>1</sup>
1.5 Due date of repayment.	End of March.

<p><b>2. MEDIUM-TERM CREDIT: MEMBERS</b></p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p>	<p>Could not exceed 20 times the assessment or one-sixth of the value of land owned (estimated at 120 times the assessment). Loans to be advanced only to those who owned ten acres (or more) of land.</p>
<p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	<p>Varied between Rs 500 to Rs 1,500.</p>
<p><b>3. LIMITED LIABILITY SOCIETIES</b></p> <p>3.1 Maximum borrowing power</p>	<p>Generally at 8 times the paid-up share capital and reserve fund plus building fund minus accumulated losses.</p>
<p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>Five times<sup>1</sup> the value of shares of central bank held by the society.</p>
<p><b>4. UNLIMITED LIABILITY SOCIETIES</b></p> <p>4.1 Maximum borrowing power</p>	<p>In some of the societies it was fixed in relation to owned funds, in others in relation to value of assets of members.</p>
<p>4.2 Maximum credit limit sanctioned by the central bank.</p>	<p>Same as for limited liability societies.</p>

<sup>1</sup>From 1958-9 onwards loans were to be given at the rate of 50 per cent of the average value of produce sold during the previous three years.

<sup>2</sup>As from July 1957; from September 1958, it was changed to 10 times.

<sup>3</sup>Not operative to the extent that short-term loans were given even against tenant-cultivated land.

**APPENDIX 6**  
**VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF**  
**INDIVIDUALS AND SOCIETIES**

Particulars	2. East Khandesh
<b>1. SHORT-TERM CREDIT: MEMBERS</b>	
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	Ten times (on each occasion, a member had to invest 10 per cent of his borrowings).
1.2 Relationship between the quantum of loan and the value of owned land.	Half of the value of land (land value estimated at 100 times the land revenue assessment in the case of dry lands and 200 times the land revenue assessment in the case of irrigated lands).
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	— <sup>1</sup>
1.4 The relationship between the quantum of loan and crop acreage.	— <sup>1</sup>
1.5 Due date of repayment.	End of February <sup>1</sup> .

<p><b>2. MEDIUM-TERM CREDIT: MEMBERS</b></p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p> <p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	<p>Loans advanced only to cultivators owning not less than 16 acres of land or paying at least Rs 30 as land revenue. Amount not to exceed one-third of the value of the land.</p> <p>Rs 500.</p>
<p><b>3. LIMITED LIABILITY SOCIETIES</b></p> <p>3.1 Maximum borrowing power</p> <p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>One-sixth of the net assets of members or eight times the share capital and reserve fund or a certain fixed amount, whichever was less.</p> <p>Ten times the value of shares of the central bank held by the society.</p>
<p><b>4. UNLIMITED LIABILITY SOCIETIES</b></p> <p>4.1 Maximum borrowing power</p> <p>4.2 Maximum credit limit sanctioned by the central bank.</p>	<p>One-sixth of the net assets of members or four times the share capital and reserve fund or a certain fixed amount, whichever was less.</p> <p>Same as for limited liability societies.</p>

<sup>1</sup>See Section 14.2.2.



**APPENDIX 6**  
**VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF INDIVIDUALS AND SOCIETIES**

Particulars	3. Dharwar																								
<b>1. SHORT-TERM CRÉDIT: MEMBERS</b>																									
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him:	10 times.																								
1.2 Relationship between the quantum of loan and the value of owned land.	Total short-term and medium-term loans could not exceed one-third <sup>2</sup> of the value of land (value of land estimated at 150 to 200 times the land revenue assessment).																								
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	Rs 300—400, special limit for short-term loans upto Rs 1,000. These limits were not operative. From November 1957 onwards, maximum limit for crop loans as fixed by central bank was Rs 1,500.																								
1.4 The relationship between the quantum of loan and crop acreage.	<table><tr><td>Pulses</td><td>—</td><td>Rs 15 per acre</td><td rowspan="8">In addition, a member cultivating less than 10 acres in Yerinaad area and less than 5 acres in Malnad area was entitled to 25 per cent of loan for current consumption purposes. Further 25 per cent of the loan in the form of manure mixture and 25 per cent as marketing finance was available to members of societies selected for inter-linking.</td></tr><tr><td>Maize</td><td>—</td><td>Rs 20</td></tr><tr><td>Wheat, cotton</td><td>—</td><td>Rs 25</td></tr><tr><td>Groundnut</td><td>—</td><td>Rs 30</td></tr><tr><td>Paddy (ordinary),</td><td rowspan="3">}</td><td rowspan="3">Rs 50 per acre</td></tr><tr><td>chillies, onions</td></tr><tr><td>and potatoes</td></tr><tr><td>Sugarcane</td><td>—</td><td>Rs 200 per acre</td></tr><tr><td>Pan creepers</td><td>—</td><td>Rs 500</td></tr></table>	Pulses	—	Rs 15 per acre	In addition, a member cultivating less than 10 acres in Yerinaad area and less than 5 acres in Malnad area was entitled to 25 per cent of loan for current consumption purposes. Further 25 per cent of the loan in the form of manure mixture and 25 per cent as marketing finance was available to members of societies selected for inter-linking.	Maize	—	Rs 20	Wheat, cotton	—	Rs 25	Groundnut	—	Rs 30	Paddy (ordinary),	}	Rs 50 per acre	chillies, onions	and potatoes	Sugarcane	—	Rs 200 per acre	Pan creepers	—	Rs 500
Pulses	—	Rs 15 per acre	In addition, a member cultivating less than 10 acres in Yerinaad area and less than 5 acres in Malnad area was entitled to 25 per cent of loan for current consumption purposes. Further 25 per cent of the loan in the form of manure mixture and 25 per cent as marketing finance was available to members of societies selected for inter-linking.																						
Maize	—	Rs 20																							
Wheat, cotton	—	Rs 25																							
Groundnut	—	Rs 30																							
Paddy (ordinary),	}	Rs 50 per acre																							
chillies, onions																									
and potatoes																									
Sugarcane	—	Rs 200 per acre																							
Pan creepers	—	Rs 500																							
1.5 Due date of repayment.	<table><tr><td>Malnad area</td><td>—</td><td>End of April.</td></tr><tr><td>Yerinaad area</td><td>—</td><td>End of June.</td></tr></table>	Malnad area	—	End of April.	Yerinaad area	—	End of June.																		
Malnad area	—	End of April.																							
Yerinaad area	—	End of June.																							

<p>2. MEDIUM-TERM CREDIT: MEMBERS</p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p> <p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	<p>Medium-term loans advanced only to those who cultivated the entire of available arable area and 10 acres and more in Kachhar district.</p> <p>Rs. 600 (medium-term loans of up to Rs. 1,000 were not given to the members who cultivated less than 10 acres).</p> <p>Generally it is the policy of the Government to advance medium-term loans to those who cultivate the entire of available arable area and 10 acres and more in Kachhar district.</p>
<p>3. LIMITED LIABILITY SOCIETIES</p> <p>3.1 Maximum borrowing power</p>	<p>20 times the value of shares of central bank held by the members.</p>
<p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>20 times the value of shares of central bank held by the members.</p>
<p>4. UNLIMITED LIABILITY SOCIETIES</p> <p>4.1 Maximum borrowing power</p>	<p>Fixed on ad hoc basis in relation to the value of assets of members.</p>
<p>4.2 Maximum credit limit sanctioned by the central bank.</p>	<p>Same as for limited liability societies.</p>

\* According to the revised policy medium-term loans were to be given for different purposes with a maximum limit of Rs. 1,000.

- a. Construction of wells — Rs. 1,500.
- b. Purchase of pump-sets and Electric motors—Rs. 1,000.
- c. Purchase of livestock—Rs. 600.
- d. Reclamation of land and irrigation—Rs. 2,000.

\* Not operative to the extent that short-term loans were given against tenanted/tilth/seed funds.

# VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF INDIVIDUALS AND SOCIETIES

Particulars	4. Colmbatore
<b>1. SHORT-TERM CREDIT: MEMBERS</b>	
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	5 to 10 times.
1.2 Relationship between the quantum of loan and the value of owned land.	Surety loans—Only upto Rs 350—500 depending on the bye-laws of the societies. Mortgage loans exceeding Rs 350—500 upto one-third value of the house property and 50 per cent of the value of land.
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	Unlimited liability societies .. .. Rs 500—1,000. Large size societies (Agricultural Bank) .. .. Rs 2,000. Produce loans .. .. Rs 3,000. Jewel loans .. .. Rs 1,000.
1.4 The relationship between the quantum of loan and crop acreage.	An attempt was reported to have been made to link the quantum of loan with crop acreage. (Paddy and cotton—Rs 100, groundnut—Rs 50, tobacco—Rs 200 to Rs 300 and turmeric—Rs 200 to Rs 300, per acre, upto a maximum of Rs 500 per member). Tenant cultivator was granted crop loans provided he produced a certificate from his landlord to the effect that he had no objection to the produce grown by him being sold through the marketing society to which the credit society was affiliated.
1.5 Due date of repayment.	Due date of repayment for crop loans was fixed with reference to harvest period—12 months from the date of issue of loans.

## 2. MEDIUM-TERM CREDIT: MEMBERS

2.1 Relationship between the quantum of loan and the value of owned land.

Upto one-third the value of house property or 50 per cent of the value of land.

2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.

Rs 200—2,000 (For purchase of oil engines and pump sets the limit was raised to Rs 3,500).

## 3. LIMITED LIABILITY SOCIETIES

3.1 Maximum borrowing power

Eight times the paid-up share capital plus reserve fund.

3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.

Twenty times the value of shares of the central bank held by the society.<sup>1</sup>

## 4. UNLIMITED LIABILITY SOCIETIES

4.1 Maximum borrowing power

Not exceeding one-eighth of the total net assets of members as specified in the property statements.

4.2 Maximum credit limit sanctioned by the central bank.

Same as for limited liability societies.

<sup>1</sup> Came into effect from 1st March 1958.

## APPENDIX 6

VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF INDIVIDUALS AND SOCIETIES

Particulars	5. West Godavari
<p>1. SHORT-TERM CREDIT: MEMBERS</p> <p>1.1. Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.</p>	<p>1. Multi-purpose co-operative societies — 10 times. (Unlimited liability societies)</p> <p>2. <i>Large size societies</i>— 1st year of working — Rs 50 per share of Rs 5 each. 2nd " " — Rs 45 " " Rs 5 each. 3rd " " — Rs 40 " " Rs 5 each.</p> <p>3. <i>Rural banks</i>— 1st year of membership Rs 80 per share of Rs 10 each. 2nd " " Rs 70 " " Rs 10 each. 3rd " " Rs 60 " " Rs 10 each.</p>
<p>1.2 Relationship between the quantum of loan and the value of owned land.</p>	<p>1. Rs 100—200 per acre of owned land in delta area (could be increased upto Rs 500 where the land value exceeded Rs 2,000 per acre).</p> <p>2. Rs 50—100 in dry area.</p> <p>3. Loans to landless persons generally did not exceed Rs 100.</p>
<p>1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.</p>	<p>1. Small size societies — Rs 250—1,000<sup>1</sup></p> <p>2. Rural banks — Rs 1,000—2,000<sup>1</sup></p> <p>3. Large size societies — Rs 2,000<sup>1</sup></p> <p>4. Exclusive limit for pledge loans—Rs 1,000—2,000.</p>
<p>1.4 The relationship between the quantum of loan and crop acreage.</p>	<p>—</p>
<p>1.5 Due date of repayment.</p>	<p>12 months from the date of issue of loan.</p>

## 2. MEDIUM-TERM CREDIT: MEMBERS

2.1 Relationship between the quantum of loan and the value of owned land.

One-sixth to one-fourth of the value of land mortgaged.

2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.

1. Small size societies — Rs 500—1,000.
  2. Rural banks — Rs 1,000—2,000.
  3. Large size societies — Rs 2,000.
- For purchase of oil engines and pump-sets the limit was raised to Rs 3,000.

## 3. LIMITED LIABILITY SOCIETIES

3.1 Maximum borrowing power

Eight times the paid-up share capital plus reserve fund.

3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.

Ten times the value of shares of the central bank held by the society.

## 4. UNLIMITED LIABILITY SOCIETIES

4.1 Maximum borrowing power

Not exceeding one-eighth of the total net assets of members as specified in the property statement.

4.2 Maximum credit limit sanctioned by the central bank.

Same as for limited liability societies.

<sup>1</sup>Loans exceeding Rs 250-500 were to be secured against mortgage of property.

**APPENDIX 6**  
**VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF**  
**INDIVIDUALS AND SOCIETIES**

Particulars	6. Ferozepur
<b>1. SHORT-TERM CREDIT : MEMBERS</b>	
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	—
1.2 Relationship between the quantum of loan and the value of owned land.	1. 30 times the land revenue paid on land owned and cultivated <sup>1</sup> 2. 15 times the land revenue paid on land owned but leased to others <sup>2</sup> . 3. 15 times the land revenue on land unowned but taken on lease. <sup>3</sup> <i>Plus</i> 25 per cent of miscellaneous income other than agriculture. <i>minus</i> interest due on loans owed to creditors other than co-operatives.
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	Rs 1,000.
1.4 The relationship between the quantum of loan and crop acreage.	Not linked with crop acreage <sup>4</sup> .
1.5 Due date of repayment.	One year after the date of disbursement (but in relation to the date fixed in the <i>Kist-bandi</i> , generally it was between April-September, October-March).

<p><b>2. MEDIUM-TERM CREDIT : MEMBERS</b></p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p>	
<p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	
<p><b>3. LIMITED LIABILITY SOCIETIES</b></p> <p>3.1 Maximum borrowing power</p>	<p>Upto 12 times the owned funds in the first two years from the date of registration, thereafter at eight times the owned funds.</p>
<p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>20 times the value of shares of the central bank held by the society.</p>
<p><b>4. UNLIMITED LIABILITY SOCIETIES</b></p> <p>4.1 Maximum borrowing power</p>	<p>75 per cent or 90 per cent of the total of maximum credit limit of the members, depending on whether the society worked for one year or more, respectively. From the estimate thus arrived at, deduction to the extent of owned funds was made.</p>
<p>4.2 Maximum credit limit sanctioned by the central bank.</p>	<p>Same as for limited liability societies.</p>

<sup>1</sup>In the case of one society the multiple was 20.

<sup>2</sup>In four societies the multiple varied from 10 to 30.

<sup>3</sup>In four societies the multiple varied from 10 to 22½.

<sup>4</sup>Till 1957-8 the maximum credit limit was linked to the land revenue.



**APPENDIX 6**  
**VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF INDIVIDUALS AND SOCIETIES**

Particulars	7. Etawah
<b>1. SHORT-TERM CREDIT: MEMBERS</b>	
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	5 to 8 times.
1.2 Relationship between the quantum of loan and the value of owned land.	<p>a. 20 times the annual revenue paid by the Bhumidar<sup>1</sup>.</p> <p>b. 10 times the annual rent paid by a Sirdar.</p> <p>c. 5 times the annual rent paid by a Asami Adhivasi.</p> <p>plus d. One third the value of trees, cattle and saleable agricultural machinery or carts.</p> <p>e. 10 per cent of net non-agricultural income earned by the borrower,</p> <p>minus f. All outside debts and arrears of rent, revenue and irrigation dues.</p> <p>Rs 400 or one-tenth of the working capital of the society, whichever was lower.</p>
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	In some of the societies in the Mahewa Rural Credit Project area an attempt was reportedly made to grant crop loans based on the cost of production.
1.4 The relationship between the quantum of loan and crop acreage.	
1.5 Due date of repayment.	End of June <sup>2</sup> .

<p>2. MEDIUM-TERM CREDIT: MEMBERS</p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p>	
<p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	
<p>3. LIMITED LIABILITY SOCIETIES</p> <p>3.1 Maximum borrowing power</p>	<p>Fixed in relation to the sum total of maximum credit limits of individual members (which in turn was fixed according to the method given against item 1.2 above).</p>
<p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>At the rate of Rs 100 per member of the society subject to a maximum limit to the extent of five times the value of shares of the central bank held by the society. Value of shares of bank subscribed by the society was taken into consideration while fixing the normal credit limit of a society.</p>
<p>4. UNLIMITED LIABILITY SOCIETIES</p> <p>4.1 Maximum borrowing power</p>	
<p>4.2 Maximum credit limit sanctioned by the central bank.</p>	

<sup>1</sup> In the Mahewa Rural Credit Project area, the same was raised to 40 times.

<sup>2</sup> Loans which became due for repayment by April if not repaid by June end were to be treated as overdue.

<sup>3</sup> Number of unlimited liability societies was insignificant.

## APPENDIX 6

VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF  
INDIVIDUALS AND SOCIETIES

Particulars	8. Mandsaar
<p><b>1. SHORT-TERM CREDIT: MEMBERS</b></p> <p>1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.</p>	<p>Ten times.</p>
<p>1.2 Relationship between the quantum of loan and the value of owned land.</p>	<p>15 times the land revenue to members holding 15 acres or less and 20 times the land revenue if it was more. (In practice it seldom exceeded 10 times the land revenue).</p>
<p>1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.</p>	<p>Small size societies—Rs 500. Large size societies—Rs 3,000 (The maximum limit upto which a member of a primary society in the jurisdiction of Mandsaar Central Co-operative Bank could borrow differed with different types of societies, but it could not exceed Rs. 2,000. In the case of unlimited liability societies the maximum credit limit of a member was Rs 1,000.</p>
<p>1.4 The relationship between the quantum of loan and crop acreage.</p>	<p>—</p>
<p>1.5 Due date of repayment.</p>	<p>End of June.</p>

2. MEDIUM-TERM CREDIT: MEMBERS	2.1 Relationship between the quantum of loan and the value of owned land.	Same as for the short-term. Generally the societies gave medium-term loans.
2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.		Same as for short-term loans.
3. LIMITED LIABILITY SOCIETIES		
3.1 Maximum borrowing power.		<p><i>Neemuch Central Co-operative Bank</i> — 8 times the paid-up share capital plus reserve fund.</p> <p><i>Mandsaur Central Co-operative Bank</i> — In the case of newly organized societies the maximum borrowing power was 2 times the owned funds. It was gradually increased to 5 times. In the case of societies whose liability was limited by guarantee, the maximum borrowing power was fixed upto the amount of a guarantee. If there was no provision in the bye-laws the central bank granted clean credit upto the extent of society's paid-up share capital.</p>
3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.		<p><i>Mandsaur Central Co-operative Bank</i> — For every loan of Rs 100 taken from the central bank, the society had to invest up to Rs 7½, i.e. a ratio of 40 : 3.</p> <p><i>Neemuch Central Co-operative Bank</i> — Upto 20 times the value of shares of the central bank held by these societies.</p>
4. UNLIMITED LIABILITY SOCIETIES		
4.1 Maximum borrowing power		<p><i>Mandsaur Central Co-operative Bank</i> — Fixed on the basis of share holding, i.e., 10 times the paid-up share capital or 15 times the total of land revenue assessment of individual members whichever was less.</p> <p><i>Neemuch Central Co-operative Bank</i> — As fixed in the bye-laws.</p>
4.2 Maximum credit limit sanctioned by the central bank.		

**APPENDIX 6**  
**VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF**  
**INDIVIDUALS AND SOCIETIES**

Particulars	9. Gaya
<b>1. SHORT-TERM CREDIT : MEMBERS</b>	
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	10 times.
1.2 Relationship between the quantum of loan and the value of owned land.	50 per cent of the value of land. In the case of tenants the maximum limit was Rs 100 for short-term cash loan and Rs 125 for fertilizer loan.
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	Short-term, fertilizer loans and medium-term loans—usually upto Rs 1,000 (upto Rs 100 against personal surety and loans exceeding Rs 100 against mortgage of land. Fertilizer loans upto Rs 125 without mortgage of land).
1.4 The relationship between the quantum of loan and crop acreage.	—
1.5 Due date of repayment.	Middle of May

<p>2. MEDIUM-TERM CREDIT : MEMBERS</p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p>	<p>Same as applicable to short-term loans.</p>
<p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	<p>Same as applicable to short-term loans.</p>
<p>3. LIMITED LIABILITY SOCIETIES</p> <p>3.1 Maximum borrowing power</p>	<p>10 times the paid-up share capital plus reserve fund.</p>
<p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>—</p>
<p>4. UNLIMITED LIABILITY SOCIETIES</p> <p>4.1 Maximum borrowing power</p>	<p>Fixed on <i>ad hoc</i> basis in relation to the assets of members.</p>
<p>4.2 Maximum credit limit sanctioned by the central bank.</p>	<p>—</p>

APPENDIX 6  
VARIATIONS IN THE METHOD OF FIXING CREDIT LIMITS AND MAXIMUM BORROWING POWER OF  
INDIVIDUALS AND SOCIETIES

Particulars	10. Nadia
1. SHORT-TERM CREDIT : MEMBERS	
1.1 Quantum of loan for individual member could not exceed the stipulated number of times the value of shares of the society held by him.	<p>1. 10 times in respect of limited liability societies.</p> <p>2. The maximum credit was not to exceed half the value of agricultural land held by a member in the case of unlimited liability societies.</p>
1.2 Relationship between the quantum of loan and the value of owned land.	50 per cent of the value of owned land offered as security.
1.3 Maximum borrowing limit as stipulated in the bye-laws of the society or by the Co-operation Department.	<p><i>Members of unlimited liability societies</i> — Rs 25 against personal surety, Rs 50 with special permission of the Registrar against two sureties.<sup>1</sup></p> <p><i>Members of large size societies</i> — Upto 10 times the value of shares of society held by members.</p>
1.4 The relationship between the quantum of loan and crop acreage.	Rs 250 or upto 50 per cent of the estimated value of land to be mortgaged. Crop loans to <i>bhag chasis</i> were granted generally against the security of mortgage of households and two personal sureties.
1.5 Due date of repayment.	Crop loans : Jute—middle of November, Aus paddy—End of November, Aman paddy—middle of March.

<p><b>2. MEDIUM-TERM CREDIT : MEMBERS</b></p> <p>2.1 Relationship between the quantum of loan and the value of owned land.</p>	<p>Upto 50 per cent of the value of land mortgaged.</p>
<p>2.2 Maximum borrowing power as stipulated in the bye-laws or by the Co-operation Department.</p>	<p>Rs 100 per member of societies with unlimited liability.<sup>1</sup></p>
<p><b>3. LIMITED LIABILITY SOCIETIES</b></p> <p>3.1 Maximum borrowing power</p>	<p><i>Large size societies :</i> 20 times the paid-up share capital plus reserve fund. <i>Multi-purpose societies:</i> 10 times the paid-up share capital plus reserve fund.</p>
<p>3.2 Maximum credit limit sanctioned by the central bank was not to exceed the stipulated ratio between the credit limit and the value of shares of central bank held by the societies.</p>	<p>Upto 10 times the value of shares of central bank held by the society.</p>
<p><b>4. UNLIMITED LIABILITY SOCIETIES</b></p> <p>4.1 Maximum borrowing power</p>	<p>Fixed on <i>ad hoc</i> basis in relation to assets of members.</p>
<p>4.2 Maximum credit limit sanctioned by the central bank.</p>	<p>Same as for limited liability societies.</p>

<sup>1</sup> Loans were advanced according to crop loan rules issued by the State Government every year and the maximum amount fixed under these rules was Rs. 250 per individual.

<sup>2</sup> No medium-term loans were given in the district.



# APPENDIX 7

## MAJOR TYPES OF INTERESTS IN LAND IN STATES SELECTED FOR THE RURAL CREDIT FOLLOW-UP SURVEY AND RIGHTS OF ALIENATION HELD BY SUCH INTERESTS

District and State	Type of tenure	Category of interest	Whether there was any restriction on alienation of land, or rights in land	Whether alienation in favour of co-operative society was permitted
1	2	3	4	5
Broach (Bombay)	<i>Ryotwari lands</i>	1. Landholder	Allowed, subject to certain restrictions	Yes
		2. Tenant-purchaser	Allowed with Government's permission	Allowed with Government's permission
		3. Other tenants	Not allowed	Can mortgage or create a charge on his interest in the land in favour of a co-operative society
Dharwar (Mysore)	<i>Ryotwari lands</i>	1. Landholder	Allowed, subject to certain restrictions	Yes
		2. Tenant-purchaser	Allowed with Government's permission	Allowed with Government's permission
		3. Other tenants	Not allowed	Can mortgage or create a charge on his interest in the land in favour of a co-operative society
Coimbatore (Madras)	<i>Ryotwari lands</i>	1. Patta-holder	No	Yes
	<i>Inam lands</i>	2. Tenant	Not allowed	Not allowed
West Godavari (Andhra Pradesh)	<i>Ryotwari lands</i>	1. Inamdar	No	Yes
		2. Tenant	Not allowed	Not allowed
	<i>Inam lands</i>	1. Ryot or Patta-holder	No	Yes
		2. Tenant	Not allowed	No
		1. Inam holder other than an institution	No restriction in respect of 1/3 of the inam	Allowed in respect of 1/3 of the inam land
Ferozepur (Punjab) Etawah (Uttar Pradesh)	<i>Ryotwari lands</i>	2. Tenant of inam lands belonging to religious and charitable institutions	No	Yes
	<i>Former Zamindari lands</i>	1. Proprietor	No <sup>1</sup>	Yes
		2. Tenant	Not allowed	Not allowed
		1. Bhumidar	No (subject to the restriction that the transferee's land shall not exceed the prescribed limit)	Only simple mortgages
		2. Sirdar	Not allowed	Not allowed
		3. Adhivasi	Not allowed	Not allowed
		4. Assami	Not allowed	Not allowed

## APPENDIX 7

**MAJOR TYPES OF INTERESTS IN LAND IN STATES SELECTED FOR THE  
RURAL CREDIT FOLLOW-UP SURVEY AND RIGHTS OF ALIENATION  
HELD BY SUCH INTERESTS—(Concluded)**

District and State	Type of tenure	Category of interest	Whether there was any restriction on alienation of land or rights in land	Whether alienation in favour of co-operative society was permitted
1	2	3	4	5
Mandsaur (Madhya Pradesh)	<i>Former Zamindari lands</i>	1. Bhumiswami not belonging to an aboriginal tribe	No	Yes
		2. Bhumiswami belonging to an aboriginal tribe	No (provided the transfer is within the tribe)	—
		3. Bhumidari not belonging to an aboriginal tribe	Allowed except to mortgage	Yes
		4. Bhumidari belonging to an aboriginal tribe	Allowed with the previous permission of prescribed authority	Yes
		5. Occupancy tenant	Rights heritable ; cannot lease ; can transfer only to co-tenants and Government	Not allowed
		6. Ordinary tenant	Not allowed	Not allowed
		7. Government lessee	Not allowed	Not allowed
Gaya (Bihar)	<i>Zamindari lands</i>	1. Former proprietor (in respect of lands retained by him on resumption of estates by the State)	No	Yes
		2. Former tenure-holder of estate	No	Yes
		3. Occupancy ryot (kashtkar)	No	Yes
Nadia (West Bengal)	<i>Ryotwari lands</i>	4. Under-ryot	Not allowed	Not allowed
		1. Ryot	No (subject to ceiling)	Yes
Bikaner (Rajasthan)	<i>Former Jagirdari lands</i>	2. Bargadar	Not allowed	Not allowed
		1. Khatedar tenant	Allowed, subject to certain restrictions	Only usufructuary mortgages for a period of 10 years <sup>2</sup>
		2. Ghair-khatedar tenant	No right to sell ; leasing allowed only for one year ; heritable rights	Not allowed
		3. Tenant of khudkashta land	Not allowed	Not allowed
		4. Sub-tenant	Not allowed	Not allowed

<sup>1</sup>The right to sell was subject to the right of pre-emption given to the tenant (Sec. 16 and 17 of Punjab Land Tenures Act, 1953) and also subject to the provisions of the East Punjab Holdings (Consolidation and Prevention of Fragmentation) Act, 1948.

<sup>2</sup>Amendment to Section 29(A) of Rajasthan Co-operative Societies Act now permits simple mortgages.

# APPENDIX 8

## INDEX TO APPENDIX TABLES

TABLE NO.	Page
11.1 Borrowings during the year classified according to credit agencies ..	644
11.2 Debt outstanding as at the end of April 1957 classified according to credit agency .. .. .	646
11.3 Average amount borrowed from different credit agencies classified according to purpose-duration .. .. .	648
12.1 Loans and subsidies sanctioned to various types of co-operative societies from the National Agricultural Credit (Long-Term Operations) Fund and by the National Co-operative Development and Warehousing Board as at the end of March 1957 .. ..	650
12.2 Important types of co-operative institutions at the end of June 1957	652
13.1 Structure of the Co-operative Movement in the selected districts as at the end of June 1957 .. .. .	653
13.2 Change in the number of primary agricultural credit societies ..	654
13.3 Targets and achievements—large size co-operative societies and central co-operative banks as at the end of June 1957 .. ..	655
13.4 Targets and achievements : co-operative marketing and processing..	656
13.5 Physical targets and achievements : co-operative credit .. ..	657
14.1 Membership of central co-operative banks .. .. .	658
14.2 Working capital of central co-operative banks .. .. .	659
14.3 Share capital of central co-operative banks .. .. .	660
14.4 Types of deposits as at the end of June 1957 : central co-operative banks .. .. .	661
14.5 Deposits in central co-operative banks .. .. .	662
14.6 Borrowings of central co-operative banks .. .. .	663
14.7 Loans of central co-operative banks outstanding at the end of June 1957 according to security .. .. .	664
14.8 Flow of credit—central co-operative banks .. .. .	665
14.9 Borrowings of central co-operative banks according to rate of interest, 1956-7 .. .. .	666
14.10 Outstanding loans held by members from central co-operative banks in 1956-7 according to rate of interest .. .. .	667
14.11 Most usual rates of interest on borrowings and lendings of central co-operative banks and lendings of primary credit societies in 1956-7, in per cent per annum .. .. .	668
14.12 Overdues in central co-operative banks at the end of June 1957 ..	669
14.13 Cost of management of central co-operative banks in 1956-7 ..	670
14.14 Composition of Boards of Directors of central co-operative banks, 1956-7 .. .. .	671

## TABLE NO.

## Page

15.1	Some details relating to selected primary agricultural credit societies in Bronch .. .. .	672
15.2	Some details relating to selected primary agricultural credit societies in East Khandesh .. .. .	677
15.3	Some details relating to selected primary agricultural credit societies in Dharwar .. .. .	682
15.4	Some details relating to selected primary agricultural credit societies in Coimbatore .. .. .	687
15.5	Some details relating to selected primary agricultural credit societies in West Godavari .. .. .	692
15.6	Some details relating to selected primary agricultural credit societies in Ferozepur .. .. .	697
15.7	Some details relating to selected primary agricultural credit societies in Etawah .. .. .	702
15.8	Some details relating to selected primary agricultural credit societies in Mandsaur .. .. .	707
15.9	Some details relating to selected primary agricultural credit societies in Gaya .. .. .	712
15.10	Some details relating to selected primary agricultural credit societies in Nadia .. .. .	717
15.11	Spread of co-operative membership among small cultivators ..	722
15.12	Spread of co-operative membership among tenants .. ..	723
15.13	Change in membership of primary credit societies in 1956-7 over 1954-5 .. .. .	724
15.14	Societies in which there was decline in membership, no increase or decrease and increase was less than ten per cent in 1956-7 over 1954-5 .. .. .	725
16.1	Percentage increase (+) or decrease (—) in advances in 1956-7 over 1954-5 .. .. .	726
16.2	Average amount borrowed during May 1956 to April 1957 from different credit agencies classified according to rate of interest ..	727
16.3	Selected societies with proportion of overdues to outstandings at the end of June 1957 at 75 per cent and above .. ..	730
16.4	Importance of co-operative credit .. .. .	733
17.1	Some details regarding the working of the selected marketing societies .. .. .	734
18.1	Some details regarding the working of selected primary co-operative land mortgage banks as at the end of June 1957 .. ..	736
19.1	Industrial co-operative structure in selected districts .. ..	739
19.2	Some details regarding the working of selected industrial co-operative societies .. .. .	740

## APPENDIX TABLE 11.1

BORROWINGS DURING THE YEAR CLASSIFIED ACCORDING  
TO CREDIT AGENCIES

(May 1956 to April 1957)

District/Type of cultivators	PROPORTION OF MEMBERS OF CO- OPERATIVES TO TOTAL NUMBER OF CULTIVATORS (Per cent)		Proportion of families borrowing from co- operatives to total number of families (Per cent)	AVERAGE AMOUNT BORROWED FROM DIFFERENT AGENCIES DURING THE YEAR PER CULTIVATING FAMILY (Rs)					
	Listing Schedule data	GDS (1) data		Govern- ment	Co-ope- ratives	Com- mercial banks	Rela- tives	Private credit agencies and others	Total
1	2	3	4	5	6	7	8	9	
Broach									
Big	72	78	46	171	483	—	98	435	1,186
Large	59	62	36	86	310	—	69	326	791
Medium	31	46	29	1	131	—	51	236	420
Small	14	14	9	—	22	—	44	125	191
All	34	41	25	26	152	—	54	230	462
East Khandesh									
Big	69	68	55	—	461	32	212	204	909
Large	63	63	52	—	258	11	104	137	510
Medium	41	45	34	—	76	—	46	18	140
Small	19	23	18	—	21	—	16	55	92
All	41	44	34	—	114	3	54	65	237
Dharwar									
Big	66	60	21	19	166	—	197	184	567
Large	57	59	21	7	111	—	121	139	378
Medium	41	46	10	5	29	—	54	107	194
Small	28	22	4	3	4	—	25	60	92
All	42	43	11	5	46	—	65	102	219
Coimbatore									
Big	35	38	3	—	15	1	—	622	638
Large	30	34	7	6	24	13	—	329	372
Medium	23	20	3	—	5	23	8	150	186
Small	16	21	10	3	18	—	9	65	95
All	23	24	6	3	15	13	6	178	215
West Godavari									
Big	45	37	24	35	338	37	6	1,288	1,704
Large	38	42	32	13	247	23	2	839	1,124
Medium	27	34	20	—	41	1	2	167	211
Small	21	28	16	—	29	—	1	63	92
All	29	35	23	4	99	7	2	337	449

(Source : General Demand Schedule No. 1)

APPENDIX TABLE 11.1

BORROWINGS DURING THE YEAR CLASSIFIED ACCORDING  
TO CREDIT AGENCIES—Concluded

(May 1956 to April 1957)

District/Type of cultivators	PROPORTION OF MEMBERS OF CO- OPERATIVES TO TOTAL NUMBER OF CULTIVATORS (PER CENT)		Proportion of families borrowing from co- operatives to total number of fami- lies (Per cent)	AVERAGE AMOUNT BORROWED FROM DIFFERENT AGENCIES DURING THE YEAR PER CULTIVATING FAMILY (Rs)					
	Listing Schedule data	GDS (1) data		Govern- ment	Co-ope- ratives	Com- mercial banks	Rela- tives	Private credit agencies and others	Total
Ferozepur									
Big	31	33	12	9	66	—	392	986	1,454
Large	27	29	12	7	43	—	313	591	954
Medium	21	23	12	4	28	—	212	193	437
Small	15	18	4	2	11	—	98	247	358
All	21	24	9	4	28	—	208	329	568
Etawah									
Big	36	36	19	4	27	—	14	246	291
Large	34	31	14	1	18	—	42	181	242
Medium	22	23	16	4	22	—	5	103	133
Small	22	24	12	2	11	—	6	97	116
All	26	26	14	3	17	—	16	125	161
Mandsaur									
Big	28	27	16	26	40	—	2	391	458
Large	29	25	11	9	39	—	5	364	417
Medium	24	21	11	—	18	—	3	193	214
Small	18	24	9	—	15	—	18	190	223
All	24	23	10	3	23	—	8	243	277
Gaya									
Big	20	19	0.4	—	1	—	26	180	207
Large	16	17	—	10	—	—	16	133	160
Medium	10	12	—	2	—	—	7	107	115
Small	2	—	—	—	—	—	2	61	63
All	10	10	—	4	—	—	8	101	113
Nadia									
Big	22	23	—	26	—	—	41	148	214
Large	19	18	1	22	3	—	55	109	189
Medium	15	16	1	8	2	—	26	96	131
Small	10	11	—	28	—	—	41	44	113
All	15	15	0.5	18	2	—	39	84	143
Bikaner									
Big	—	—	—	—	—	—	10	544	554
Large	—	—	—	—	—	—	3	349	352
Medium	—	—	—	—	—	—	6	320	327
Small	—	—	—	—	—	—	3	281	284
All	—	—	—	—	—	—	4	317	322

## APPENDIX TABLE 11.2

DEBT OUTSTANDING AS AT THE END OF APRIL 1957 CLASSIFIED  
ACCORDING TO CREDIT AGENCY

District/Type of cultivators	DEBT OWED TO DIFFERENT CREDIT AGENCIES PER CULTIVATING FAMILY (Rs)					
	Government	Co-operatives	Commercial banks	Relatives	Private credit agencies and others	Total
	1	2	3	4	5	6
<b>Broach</b>						
Big	433	88	—	70	471	1,062
Large	230	122	—	62	302	717
Medium	49	67	—	37	176	329
Small	8	10	—	35	95	149
All	91	67	—	44	190	391
<b>East Khandesh</b>						
Big	64	469	90	257	407	1,287
Large	31	274	30	144	218	696
Medium	14	94	—	59	80	247
Small	—	20	—	24	41	85
All	15	126	9	74	110	333
<b>Dharwar</b>						
Big	83	306	—	190	234	813
Large	37	190	—	105	145	477
Medium	21	63	—	47	107	238
Small	7	23	—	18	81	129
All	22	89	—	56	111	277
<b>Coimbatore</b>						
Big	597	147	1	13	1,627	2,385
Large	213	91	20	6	959	1,288
Medium	—	6	26	6	457	495
Small	7	27	—	7	182	223
All	66	38	17	6	525	652
<b>West Godavari</b>						
Big	61	418	37	6	2,036	2,559
Large	28	293	29	2	1,299	1,651
Medium	—	46	1	1	241	288
Small	—	38	—	1	110	149
All	9	118	9	1	519	655
<b>Ferozepur</b>						
Big	316	91	—	300	1,098	1,805
Large	132	70	—	247	954	1,402
Medium	56	44	—	149	596	845
Small	18	27	—	81	623	748
All	67	47	—	158	711	983

(Source: General Demand Schedule No. 1)

## APPENDIX TABLE 11.2

DEBT OUTSTANDING AS AT THE END OF APRIL 1957 CLASSIFIED  
ACCORDING TO CREDIT AGENCY—Concluded

DEBT OWED TO DIFFERENT CREDIT AGENCIES PER CULTIVATING FAMILY (Rs)						
District/Type of cultivators	Government	Co-operative	Commercial banks	Relatives	Private credit agencies and others	Total
	1	2	3	4	5	6
<b>Etawah</b>						
Big	5	31	—	23	282	344
Large	3	24	—	49	212	287
Medium	4	18	—	3	133	159
Small	2	10	—	4	114	131
All	3	17	—	17	151	189
<b>Mathura</b>						
Big	51	55	—	4	359	469
Large	51	52	—	7	511	620
Medium	24	34	—	8	221	287
Small	4	24	—	18	243	289
All	26	36	—	11	314	387
<b>Gaya</b>						
Big	22	1	—	28	312	363
Large	25	—	—	22	231	279
Medium	6	—	—	9	198	213
Small	—	—	—	2	81	83
All	10	—	—	11	173	194
<b>Nadja</b>						
Big	113	—	—	39	185	336
Large	140	—	—	53	126	319
Medium	89	2	—	15	108	214
Small	158	1	—	29	52	240
All	125	1	—	31	97	253
<b>Bikaner</b>						
Big	2	—	—	10	944	956
Large	1	—	—	6	859	865
Medium	4	—	—	13	634	651
Small	1	—	—	2	603	606
All	2	—	—	7	692	702



## APPENDIX TABLE 11.3

**AVERAGE AMOUNT BORROWED FROM DIFFERENT CREDIT AGENCIES  
CLASSIFIED ACCORDING TO PURPOSE-  
DURATION**

(Amount in rupees per cultivating family)

District/Credit agency	AGRICULTURAL PURPOSE			CONSUMPTION PURPOSE		Repay- ment of debt	Other pur- poses includ- ing non- farm business and more than one purpose	Total
	Short- term	Medium- term	Long- term	Short- term	Long- term			
	1	2	3	4	5	6	7	8
<b>Broach</b>								
Government	0.1	0.7	25.6	—	—	—	—	26.4
Co-operatives	128.9	1.7	4.3	3.9	—	—	13.2	152.1
Commercial banks	—	—	—	—	—	—	—	—
Relatives	12.3	6.4	0.7	11.8	18.7	0.5	4.1	54.4
Private credit agen- cies and others	46.2	21.2	16.2	77.2	68.1	—	0.7	229.6
<b>Total</b>	<b>187.4</b>	<b>30.1</b>	<b>46.7</b>	<b>92.8</b>	<b>86.9</b>	<b>0.5</b>	<b>18.1</b>	<b>462.5</b>
<b>East Khandesh</b>								
Government	—	—	—	—	—	—	—	—
Co-operatives	109.3	0.6	3.0	0.6	0.7	—	—	114.2
Commercial banks	3.2	—	—	—	—	—	—	3.2
Relatives	17.7	3.6	12.4	5.6	14.9	—	—	54.2
Private credit agen- cies and others	23.4	4.9	14.6	3.6	8.6	—	9.9	64.9
<b>Total</b>	<b>153.5</b>	<b>9.2</b>	<b>30.0</b>	<b>9.9</b>	<b>24.1</b>	<b>—</b>	<b>9.9</b>	<b>236.5</b>
<b>Dharwar</b>								
Government	2.9	0.7	1.2	—	—	—	—	4.8
Co-operatives	25.7	3.1	11.7	0.9	2.1	—	2.7	46.2
Commercial banks	—	—	—	—	—	—	—	—
Relatives	4.5	6.0	11.5	16.6	12.7	0.4	13.5	65.2
Private credit agen- cies and others	11.1	13.6	10.8	34.0	31.1	1.2	0.7	102.4
<b>Total</b>	<b>44.2</b>	<b>23.4</b>	<b>35.2</b>	<b>51.4</b>	<b>46.0</b>	<b>1.6</b>	<b>17.0</b>	<b>218.6</b>
<b>Coimbatore</b>								
Government	0.2	2.4	—	—	—	—	—	2.6
Co-operatives	2.6	4.4	3.9	2.4	—	1.5	—	14.8
Commercial banks	—	—	—	—	13.2	—	—	13.2
Relatives	0.4	0.3	0.1	1.8	3.2	—	0.4	6.1
Private credit agen- cies and others	4.3	28.6	59.0	19.0	60.8	—	6.2	177.9
<b>Total</b>	<b>7.5</b>	<b>35.8</b>	<b>63.0</b>	<b>23.1</b>	<b>77.2</b>	<b>1.5</b>	<b>6.6</b>	<b>214.7</b>
<b>West Godavari</b>								
Government	0.9	2.4	—	—	—	0.5	—	3.8
Co-operatives	16.1	20.2	21.7	14.8	0.7	13.0	12.7	99.2
Commercial banks	3.0	0.2	1.3	—	2.8	—	—	7.2
Relatives	—	0.4	0.2	0.1	1.0	—	—	1.6
Private credit agen- cies and others	37.2	41.5	63.1	55.7	49.7	8.1	82.0	337.4
<b>Total</b>	<b>57.1</b>	<b>64.8</b>	<b>86.3</b>	<b>70.6</b>	<b>54.2</b>	<b>21.6</b>	<b>94.7</b>	<b>449.2</b>

(Source: General Demand Schedule No. 1)

APPENDIX TABLE 11.3

AVERAGE AMOUNT BORROWED FROM DIFFERENT CREDIT AGENCIES  
CLASSIFIED ACCORDING TO PURPOSE-  
DURATION—Concluded

(Amount in rupees per cultivating family)

District/Credit agency	AGRICULTURAL PURPOSE			CONSUMPTION PURPOSE		Repay- ment of debt	Other pur- poses includ- ing non- farm business and more than one purpose	Total
	Short- term	Medium- term	Long- term	Short- term	Long- term			
	1	2	3	4	5	6	7	8
<b>Ferozepur</b>								
Government	3.8	—	0.1	0.5	—	—	—	4.3
Co-operatives	4.2	16.8	2.8	2.5	0.7	0.6	—	27.5
Commercial banks	—	—	—	—	—	—	—	—
Relatives	8.8	35.7	28.7	58.7	66.1	9.8	—	207.8
Private credit agen- cies and others	85.5	21.1	43.6	111.9	61.9	3.5	1.2	328.6
<b>Total</b>	<b>102.3</b>	<b>73.6</b>	<b>75.2</b>	<b>173.6</b>	<b>128.7</b>	<b>13.9</b>	<b>1.2</b>	<b>568.3</b>
<b>Etawah</b>								
Government	—	0.7	1.5	0.3	—	—	—	2.5
Co-operatives	0.5	16.3	—	—	0.6	—	—	17.4
Commercial banks	—	—	—	—	—	—	—	—
Relatives	0.5	3.0	0.4	3.3	9.2	—	—	16.4
Private credit agen- cies and others	4.8	28.4	11.9	21.2	55.2	2.0	0.9	124.5
<b>Total</b>	<b>5.9</b>	<b>48.5</b>	<b>13.9</b>	<b>24.8</b>	<b>64.9</b>	<b>2.0</b>	<b>0.9</b>	<b>160.8</b>
<b>Mandsaur</b>								
Government	—	0.2	2.4	—	—	—	—	2.6
Co-operatives	0.2	10.0	6.3	0.5	4.7	1.2	0.3	23.2
Commercial banks	—	—	—	—	—	—	—	—
Relatives	—	1.0	1.1	0.1	6.0	—	—	8.1
Private credit agen- cies and others	9.5	31.3	45.9	32.9	110.4	3.5	10.1	243.5
<b>Total</b>	<b>9.8</b>	<b>42.4</b>	<b>55.6</b>	<b>33.5</b>	<b>121.1</b>	<b>4.6</b>	<b>10.3</b>	<b>277.3</b>
<b>Gaya</b>								
Government	—	—	3.8	—	—	—	—	3.8
Co-operatives	0.1	—	—	—	—	—	—	0.1
Commercial banks	—	—	—	—	—	—	—	—
Relatives	0.1	0.2	0.1	2.5	5.1	—	—	7.9
Private credit agen- cies and others	9.1	14.5	12.8	17.4	45.7	1.1	0.4	101.1
<b>Total</b>	<b>9.3</b>	<b>14.7</b>	<b>16.6</b>	<b>19.9</b>	<b>50.9</b>	<b>1.1</b>	<b>0.4</b>	<b>112.8</b>
<b>Nadia</b>								
Government	2.5	6.7	—	2.2	5.5	—	2.3	18.3
Co-operatives	1.0	0.6	—	—	—	—	—	1.7
Commercial banks	—	—	—	—	—	—	—	—
Relatives	2.6	2.4	0.7	19.0	11.7	—	2.7	39.0
Private credit agen- cies and others	11.3	8.0	4.4	22.4	36.1	—	1.8	84.0
<b>Total</b>	<b>17.4</b>	<b>17.6</b>	<b>5.1</b>	<b>42.6</b>	<b>53.4</b>	<b>—</b>	<b>6.8</b>	<b>143.0</b>
<b>Bikaner</b>								
Government	—	—	—	—	—	—	—	—
Co-operatives	—	—	—	—	—	—	—	—
Commercial banks	—	—	—	—	—	—	—	—
Relatives	—	0.1	—	0.5	3.8	—	—	4.3
Private credit agen- cies and others	5.2	104.0	9.9	48.7	131.7	8.0	9.6	317.2
<b>Total</b>	<b>5.2</b>	<b>104.0</b>	<b>9.9</b>	<b>49.2</b>	<b>135.6</b>	<b>8.0</b>	<b>9.6</b>	<b>321.5</b>

## APPENDIX

**LOANS AND SUBSIDIES SANCTIONED TO VARIOUS TYPES OF  
AGRICULTURAL CREDIT (LONG-TERM OPERATIONS) FUND AND BY  
AS AT THE END**

	LOANS SANCTIONED FROM THE NATIONAL AGRICULTURAL CREDIT (LONG-TERM OPERATIONS) FUND FOR STATE CONTRI- BUTION TOWARDS SHARE CAPITAL OF <sup>1</sup>				LOANS UTILIZED FOR STATE CONTRI- BUTION TO SHARE CAPITAL SANCTIONED BY THE NATIONAL CO-OPERATIVE DEVELOPMENT AND WAREHOUSING BOARD <sup>2</sup>						
	Large size socie- ties	Central co- ope- rative banks	State co- opera- tive banks	Central land mort- gage banks	Primary mar- ket- ing socie- ties	Dis- trict/ regio- nal mar- ket- ing co- ope- ratives	Apex mar- keting co- ope- ratives	Sug- ar fac- tor- ies	Cot- ton gins	Others	Total
	1	2	3	4	5	6	7	8	9	10	11
Bombay ...	1.90	16.00	5.00	10.00	1.59	3.00	—	28.00	—	1.47	34.06
Mysore ...	—	—	15.00	10.00	1.20	0.26	0.32	2.90	—	0.10	4.78
Madras ...	8.00	—	—	—	1.31	—	—	15.00	—	0.53	16.84
Andhra Pradesh ...	10.67	6.00	—	—	0.23	—	—	—	—	—	0.23
Punjab ...	5.00	13.50	8.00	—	3.38	—	—	35.10	—	—	38.48
Uttar Pradesh ...	27.50	38.00	5.00	—	4.58	—	7.50	—	—	0.52	12.60
Madhya Pradesh ...	9.30	16.36	—	—	2.85	—	0.72	—	—	2.50	6.07
Bihar ...	7.50	—	—	10.00	4.50	—	7.50	—	—	—	12.00
West Bengal ...	—	—	—	—	1.62	—	—	—	—	—	1.62
Rajasthan ...	4.23	5.65	—	—	0.45	—	—	—	—	—	0.45

<sup>1</sup>Data supplied by the Agricultural Credit Department of the Reserve Bank of India.

<sup>2</sup>Data supplied by the National Co-operative Development and Warehousing Board.

TABLE 12.1

CO-OPERATIVE SOCIETIES FROM THE NATIONAL  
THE NATIONAL CO-OPERATIVE DEVELOPMENT AND WAREHOUSING BOARD  
OF MARCH 1957

(Amount in lakhs of rupees)

		GODOWN LOANS AND SUBSIDIES GRANTED BY THE NATIONAL CO-OPERATIVE DEVELOPMENT AND WARE- HOUSING BOARD <sup>1</sup> TO			SUBSIDIES FOR STAFF GRANTED BY THE NATIONAL CO-OPERATIVE DEVELOPMENT AND WARE- HOUSING BOARD TO <sup>2</sup>				
		Large size socie- ties	District/ regio- nal market- ing socie- ties	Apex market- ing institu- tions	Large size socie- ties	Central and apex banks	Primary and central land mort- gage banks	Market- ing and proces- sing socie- ties	Co-ope- ration Depart- ment
		12	13	14	15	16	17	18	19
Bombay	...	1.83	2.41	—	0.36	0.25	—	0.11	0.25
Mysore	...	4.88	2.77	0.15	0.27	0.14	0.01	0.31	—
Madras	...	—	1.46	—	0.15	0.37	0.10	0.23	0.44
Andhra Pradesh	...	—	—	—	0.30	0.03	0.01	0.02	0.11
Punjab	...	1.25	1.15	0.30	0.37	0.13	—	0.18	1.08
Uttar Pradesh	...	—	7.35	—	0.75	0.19	—	0.10	0.06
Madhya Pradesh	...	3.00	3.00	0.37	0.54	—	—	0.39	—
Bihar	...	—	4.27	1.12	0.07	0.15	0.06	0.08	0.65
West Bengal	...	1.87	2.25	—	—	0.01	—	—	—
Rajasthan	...	0.07	0.05	—	0.16	0.20	0.05	0.06	0.16

## APPENDIX TABLE 12.2

IMPORTANT TYPES OF CO-OPERATIVE INSTITUTIONS AT  
THE END OF JUNE 1957

	SHORT-TERM CREDIT			LONG-TERM CREDIT		NON-CREDIT				
	State co-operative banks	Central co-operative banks	Agricultural credit societies (excluding grain banks)	Central land mortgage banks	Primary land mortgage banks	AGRICULTURAL NON-CREDIT SOCIETIES			Central non-credit societies (marketing unions or federations)	State non-credit societies (marketing unions or federations only)
						Production societies	Purchase and sale societies	Production and sale societies (marketing)		
	1	2	3	4	5	6	7	8	9	10
Bombay	3	55 <sup>1</sup>	17,812	3 <sup>2</sup>	26	967	285	421	17	2
Mysore	1	20 <sup>1</sup>	7,318	1	98	195	629	102	11	2
Madras	1	14	8,096	1	72	118	214	—	2	—
Andhra Pradesh	2	24	9,690	2	70	975	181	140	11	1
Punjab	2	67 <sup>3</sup>	13,144	—	—	2,518	29	129	—	1
Uttar Pradesh	1	63 <sup>4</sup>	42,646	—	6	1,618	6	711	2,204	2
Madhya Pradesh	2	56	17,021	1 <sup>5</sup>	16 <sup>5</sup>	177	329	46	—	1
Bihar	1	47	13,593	—	—	15	—	7,940	7	1
West Bengal	1	44	12,120	—	10	650	18	121	9	—
Rajasthan	1	24	5,445	2	22	123	24	3	45	—

(Source : Statistical Statements relating to the Co-operative Movement in India, 1956-7)

<sup>1</sup>Including 4 industrial co-operative banks<sup>2</sup>Including land mortgage banking department of Vidarbha State Co-operative Bank<sup>3</sup>Including 26 banks in the process of winding up<sup>4</sup>Including an industrial co-operative bank<sup>5</sup>Land mortgage banking department of Mahakoshal State Co-operative Bank<sup>6</sup>Including 12 central co-operative banks also working as primary land mortgage banks

APPENDIX TABLE 13.1

STRUCTURE OF THE CO-OPERATIVE MOVEMENT IN THE  
SELECTED DISTRICTS AS AT THE END OF JUNE 1957

	PRIMARY AGRICULTURAL CREDIT SOCIETIES			NUMBER OF MARKETING CO-OPERATIVES (PRIMARY AND CENTRAL)		Number of special institutions in the district	Number of central banks and banking unions	Number of land mortgage banks
	Total	Of the total, those with unlimited liability	Of the total, those which were large size credit societies	Total	Of which actually under took marketing of produce			
	1	2	3	4	5	6	7	8
Broach ..	230	49	136	23 <sup>1</sup>	16	2	1	1
East Khandesh ..	849	73	135	36 <sup>1</sup>	36	1	1	2
Dharwar ..	681 <sup>2</sup>	496 <sup>2</sup>	118	16 <sup>3</sup>	13	1	1	4
Coimbatore ..	795	779	16	14 <sup>4</sup>	14	1	1	10
West Godavari ..	369	312	57	11 <sup>5</sup>	—	2	1 <sup>5</sup>	6
Ferozepur ..	1,064	1,022	10	17 <sup>7</sup>	12	1	3	—
Etawah ..	1,007	14	—	106 <sup>8</sup>	1	2	1	—
Mandsaur ..	629 <sup>9</sup>	610	5	4	1	—	2	—
Gaya ..	1,504	400	5	6 <sup>10</sup>	6	2	4	—
Nadia ..	595	565	13	1	1	—	2	—
Bikaner ..	—	—	—	—	—	1	1 <sup>11</sup>	—

(Source : Assistant Registrars of Co-operative Societies)

<sup>1</sup>Including 2 processing societies

<sup>2</sup>Including 2 grain banks

<sup>3</sup>Including 1 processing society and 1 district purchase and sale union

<sup>4</sup>Excluding 275 jaggery societies and 1 sugar mill

<sup>5</sup>In addition there were 153 palm jaggery manufacturing co-operative societies

<sup>6</sup>Two of the taluks were served by other central co-operative banks

<sup>7</sup>Including 5 processing societies

<sup>8</sup>Including 60 primary ghee societies and 46 block development unions

<sup>9</sup>Including 3 grain banks

<sup>10</sup>Excluding 472 primary cane-growers' societies

<sup>11</sup>Jurisdiction extended over two districts

<sup>12</sup>Refers to 13 agricultural banks and 3 rural banks

## APPENDIX TABLE 13.2

## CHANGE IN THE NUMBER OF PRIMARY AGRICULTURAL CREDIT SOCIETIES

		NUMBER OF PRIMARY AGRICULTURAL CO-OPER- ATIVE CREDIT SOCIETIES AS ON		NUMBER OF LARGE SIZE SOCIETIES AS ON 30 JUNE 1957		Target upto 1956-7 for organi- zation of large size societies	Total number of small size societies which went out of existence due to amalga- mation upto 30 June 1957	
		1 July 1954	30 June 1956		Formed by amalga- mation			Newly organi- zed or by conver- sion
			Total	Of which large size				
		1	2	3	4	5	6	7
Broach	..	280	251	94	45	91	44	107
East Khandesh	..	844	863	24	6	129	100	15
Dharwar	..	754	697	107	50	68	78 <sup>1</sup>	130
Coimbatore	..	809 <sup>2</sup>	834	6	13	—	13	47
West Godavari	..	494	495	7	47	10	72	123
Ferozepur	..	865	992	—	4	6	10	9
Etawah	..	717	898	—	—	—	—	—
Mandsaur	..	547	664	1	5	—	5	57
Gaya	..	1,297	1,410	—	5	—	5	42
Nadia	..	631	569	—	—	13	7	—
Bikaner	..	—	—	—	—	—	—	—

(Source : Assistant Registrars of Co-operative Societies)

<sup>1</sup>Original targets fixed by the Government of Bombay.<sup>2</sup>See section 13.4.

APPENDIX TABLE 13.3

TARGETS AND ACHIEVEMENTS—LARGE SIZE CO-OPERATIVE SOCIETIES AND  
CENTRAL CO-OPERATIVE BANKS AS AT THE END OF JUNE 1957  
(Amount in thousands of rupees)

		SHARE CAPITAL CONTRIBU- TION BY GOVERNMENT TO LARGE SIZE SOCIETIES		GODOWN LOANS AND SUBSIDIES TO LARGE SIZE SOCIETIES				
		Number of societies which received share capital contri- bution (Achieve- ments)	AMOUNT		Targets		Achievements	
			Targets	Achieve- ments	Number	Amount	Number	Amount
1	2	3	4	5	6	7		
Broach	...	20	200	184	15	200	14 <sup>1</sup>	150
East Khandesh	...	51	350	433 <sup>a</sup>	—	—	10	100
Dharwar <sup>4</sup>	...	52	736	240	72	731	38	475
Coimbatore	...	—	—	—	4	28	1	15
West Godavari	...	38	370	315	16	360	17	368
Ferozepur	...	—	39	—	10	22	10	10
Etawah	...	—	—	—	—	—	—	—
Mandsaur	...	5 <sup>6</sup>	50	10	2	20	2	20
Gaya	...	5 <sup>7</sup>	50	50 <sup>7</sup>	3	30	3 <sup>7</sup>	30 <sup>7</sup>
Nadia	...	—	—	—	2	20	2	20
Bikaner	...	—	—	—	—	—	—	—

		MANAGEMENT SUBSIDY				STATE CONTRIBUTION TO SHARE CAPITAL OF CENTRAL CO-OPERATIVE BANKS	
		Targets		Achievements		Targets	Achievements
		Number	Amount	Number	Amount	Number	Amount
		8	9	10	11	12	13
Broach	...	57	32	56	30	100	100 <sup>a</sup>
East Khandesh	...	—	—	52	28	400	300 <sup>a</sup>
Dharwar <sup>4</sup>	...	NF	29	14	4	100	100 <sup>a</sup>
Coimbatore	...	13	12	11	4	—	—
West Godavari	...	38	41	38	23	200	200
Ferozepur	...	10	7	10	6	200	200
Etawah	...	—	—	—	—	—	—
Mandsaur	...	5	—	5	—	75	75 <sup>a</sup>
Gaya	...	5	— <sup>8</sup>	5	— <sup>8</sup>	150	—
Nadia	...	7	9	7	9	—	—
Bikaner	...	—	—	—	—	—	—

(Source : Assistant Registrars of Co-operative Societies)

<sup>1</sup>Includes one society which received a loan of Rs 10,000 under groundnut scheme.

<sup>2</sup>Relates to sanctioned amount ; actual amount received by the societies was Rs 3,32,000 in respect of which all formalities were completed.

<sup>3</sup>State contribution to share capital by the Government of Bombay through the Bombay State Co-operative Bank.

<sup>4</sup>Data on targets are those fixed by the Government of Bombay; these targets were subsequently revised downwards by the Government of Mysore.

<sup>5</sup>Relates to sanctioned amount.

<sup>6</sup>Only one out of two central banks.

<sup>7</sup>Relates to sanction; none of the societies actually received the amount in 1956-7.

<sup>8</sup>Trained managers on deputation from Government.

NF—Not fixed.



## APPENDIX TABLE 13.4

## TARGETS AND ACHIEVEMENTS : CO-OPERATIVE MARKETING AND PROCESSING

(Amount in thousands of rupees)

		PROPORTION OF PRODUCE SOLD THROUGH CO-OPERATIVES TO TOTAL PRODUCE SOLD (Per cent)		SHARE CAPITAL CONTRIBUTION UPTO JUNE 1957			
		Targets 1960-1	Achievements 1956-7	Targets		Achievements	
				Number	Amount	Number	Amount
				3	4	5	6
Broach	...	NF	39	5	430	5	376
East Khandesh	...	33	15	8	210	13	102
Dharwar <sup>1</sup>	...	30	30	NF (14)	470 (163)	11	163
Coimbatore	...	..	..	2	30	2	20
West Godavari	...	NF	—	3	80	4 <sup>2</sup>	93 <sup>2</sup>
Ferozepur	...	..	..	4	55	4	80
Etawah	...	—	—	—	—	—	—
Mandsaur	...	..	..	1	10	1	10
Gaya	...	NF	..	3	60	3	60
Nadia	...	NF	—	1	10	1	10
Bikaner	...	—	—	—	—	—	—

		GODOWN LOANS (UPTO 1957)				MANAGEMENT SUBSIDY (UPTO 1957)				ORGANIZA- TION OF MAR- KETING SOCIE- TIES DURING 1956-7	
		Targets		Achievements		Targets		Achievements			
		Num- ber	Amo- unt	Num- ber	Amo- unt	Num- ber	Amo- unt	Num- ber	Amo- unt	Tar- gets	Achi- ve- ments
		7	8	9	10	11	12	13	14	15	16
Broach	...	2	180	1	20	16	8	16	8	2	2
East Khandesh	...	4 <sup>a</sup>	140	5 <sup>a</sup>	94	7	3	13	6	1	2
Dharwar <sup>1</sup>	...	NF (5)	400 (136)	5	136	NF (14)	30 (7)	14	7	—	—
Coimbatore	...	2	44	..	3	—	—	—	—	2	2
West Godavari	...	1 <sup>a</sup>	8 <sup>a</sup>	1 <sup>a</sup>	8 <sup>a</sup>	3	— <sup>b</sup>	3	— <sup>b</sup>	4	—
Ferozepur	...	2	6	2	6	..	4	2	2	3	4
Etawah	...	—	—	—	—	—	—	—	—	1	—
Mandsaur	...	—	—	—	—	—	—	—	—	1	1
Gaya	...	3	57	3	57	3	— <sup>d</sup>	3	— <sup>d</sup>	3	3
Nadia	...	1	20	1	20	—	—	—	—	1	1
Bikaner	...	—	—	—	—	—	—	—	—	—	—

(Source : Assistant Registrars of Co-operative Societies)

<sup>1</sup>Figures within brackets relate to revised targets as fixed by Government of Mysore after reorganization of States in November 1956<sup>2</sup>Including District Co-operative Marketing Federation<sup>3</sup>Relates to number of godowns<sup>4</sup>Subsidy<sup>5</sup>Free services of Departmental senior inspectors were given<sup>6</sup>Trained managers on deputation from Government

NF—Not fixed

## APPENDIX TABLE 13.5

## PHYSICAL TARGETS AND ACHIEVEMENTS : CO-OPERATIVE CREDIT

	PROPORTION OF VILLAGES COVERED BY CO-OPERATIVES (Per cent)		MEMBERSHIP OF PRIMARY AGRICULTURAL CREDIT SOCIETIES (In thousands)		ADVANCES OF PRIMARY AGRICULTURAL CREDIT SOCIETIES (IN THOUSANDS OF RUPEES)					
					SHORT-TERM		MEDIUM-TERM		LONG-TERM	
	Tar-gets (1960-61)	Achi-vements (1956-57)	Tar-gets (1960-61)	Achi-vements (1956-57)	Tar-gets (1960-61)	Achi-vements (1956-57)	Tar-gets (1960-61)	Achi-vements (1956-57)	Tar-gets (1960-61)	Achi-vements (1956-57)
	1	2	3	4	5	6	7	8	9	10
Broach	100	84	51	28	2,05,00	1,41,39	50,00	1,10	—	—
East Khandesh	100	99	140	81	6,00,00	1,85,43	100,00	—	26,00	—
Dharwar	100	100	121	92	1,20,00	1,36,61 <sup>1</sup>	36,46	—	—	—
Coimbatore	80	89	NF	89	—	58,76	—	24,73	—	24,84
West Godavari	85	— <sup>2</sup>	150	165	1,00,00	2,21,64	8,00	8,42	—	2
Ferozepur	100	68	50	46	1,15,00	48,48	85,00	12,00	—	—
Etawah	100	68	98	40	78,03	19,59	30,00	—	20,00	—
Mandsaur	—	52	—	31	—	—	—	—	—	—
Gaya	—	33	—	42 <sup>3</sup>	NF	3,42	NF	96	—	—
Nadia	NF	88	NF	24	1,65 <sup>4</sup>	4,76	—	—	—	—
Bikaner	NF	—	—	—	—	—	—	—	—	—

(Source : Assistant Registrars of Co-operative Societies)

<sup>1</sup>Inclusive of medium-term loans.<sup>2</sup>All the villages in the pilot project area were covered by co-operatives.<sup>3</sup>Relates to 1,413 societies out of 1,504 societies as at the end of June 1957.<sup>4</sup>Upto 30 June 1960.

NF—Not fixed

## APPENDIX TABLE 14.1

## MEMBERSHIP OF CENTRAL CO-OPERATIVE BANKS

Name of the central co-operative bank	AS AT THE END OF JUNE 1957				Number of agricultural credit societies which were members of central co-operative bank as at the end of June 1955	Individual members as at the end of June 1957
	SOCIETIES					
	Agri-cultural credit	Marketing	Others	Total number of member-societies		
	1	2	3	4		
Broach Central Co-operative Bank ..	227	21	76	324	285	1,801
East Khandesh Central Co-operative Bank ..	921	42	234	1,197	924	3,659
Dharwar : Karnatak Central Co-operative Bank ..	687	21	214	922	776	9,864
Coimbatore Central Co-operative Bank ..	1,034	13	292	1,339	1,032	168
West Godavari : Eluru Central Co-operative Bank ..	330	12	124 <sup>1</sup>	466	402	79
Ferozepur : Ferozepur Central Co-operative Bank ..	366	3	213	582	322	153
Moga Central Co-operative Bank ..	438	3	72	513	383	228
Fazilka Central Co-operative Bank ..	418	3	65	486	384	102
Total ..	1,222	9	350	1,581	1,089	483
Etawah Central Co-operative Bank ..	937	—	62	999	728	209
Mandsaur: Mandsaur Central Co-operative Bank ..	461	—	29	490	380	205
Neemuch Central Co-operative Bank ..	..	..	..	243	..	145
Total ..	..	..	..	733	..	350
Gaya: Jahanabad Central Co-operative Bank ..	345	1	10	356	321	179
Aurangabad Central Co-operative Bank ..	375	2	7	384	319	59
Nawadah Central Co-operative Bank ..	514	3	20	537	480	97
Gaya Sadar Central Co-operative Bank ..	190	1	20	211	108	69
Total ..	1,424	7	57	1,488	1,228	404
Nadia: Nadia Central Co-operative Bank ..	334	—	8	342	330	155
Ranaghat Central Co-operative Bank ..	188	1	23	212	180	13
Total ..	522	1	31	554	510	168
Bikaner Central Co-operative Bank ..	—	—	54	54	—	75

(Source : General Supply Schedule No. 2)

<sup>1</sup>Including supervising unions.

Note: All data in respect of Bikaner Central Co-operative Bank include figures for Churu district also.

APPENDIX TABLE 14.2

## WORKING CAPITAL OF CENTRAL CO-OPERATIVE BANKS

(Amount in lakhs of rupees)

Name of the central co-operative bank	AS AT THE END OF JUNE 1957					Working capital as at the end of June 1955
	Share capital	Reserve and other funds	Deposits <sup>1</sup>	Borrowings	Working capital	
	1	2	3	4	5	6
Broach Central Co-operative Bank ...	18.62	8.33	94.73	50.00	171.68	135.77
East Khandesh Central Co-operative Bank ...	30.17	26.70	302.95	33.54	393.35	276.56
Dharwar : Karnatak Central Co-operative Bank ...	23.84	12.72	222.06	52.38	310.99	196.46
Colombatore Central Co-operative Bank ...	8.63	7.94	108.22	44.16	168.95	126.90
West Godavari : Eluru Central Co-operative Bank ...	15.09	5.29	49.38	131.35	201.11	72.95
Ferozepur : Ferozepur Central Co-operative Bank ...	3.80	3.93	23.23	10.73	41.69	24.10
Moga Central Co-operative Bank ...	2.72	4.93	17.59	10.73	35.76	24.05
Fazilka Central Co-operative Bank ...	2.27	3.98	8.67	8.06	22.98	17.93
Total ...	8.79	12.84	49.29	29.51	100.43	65.03
Hawah Central Co-operative Bank ...	8.42	1.67	14.24	5.76	30.09	21.08
Mandsaur : Mandsaur Central Co-operative Bank ...	2.54	1.54	21.64	2.09	28.03	14.65
Neemuch Central Co-operative Bank ...	1.21	0.84	10.29	0.05	12.40	8.77
Total ...	4.05	2.38	31.93	2.05	40.43	23.43
Gaya : Jahansbad Central Co-operative Bank ...	0.19	0.62	0.31	1.65	2.17	2.39
Aurangabad Central Co-operative Bank ...	0.39	0.34	1.05	0.66	2.35	2.21
Nawadhi Central Co-operative Bank ...	0.31	0.61	1.04	2.42	3.85	4.63
Gaya : Gaya Central Co-operative Bank ...	0.11	—	1.27	2.29	3.31	1.59
Total ...	0.91	1.62	2.74	4.68	11.78	10.63
Nagpur : Nagpur Central Co-operative Bank ...	1.25	1.15	2.75	3.55	6.45	5.21
Parbhani Central Co-operative Bank ...	1.75	1.73	1.15	5.15	5.65	4.67
Total ...	1.85	2.64	3.19	7.42	11.77	10.67
Parbhani Central Co-operative Bank ...	—	—	—	—	—	—
Total ...	—	—	—	—	—	—

## APPENDIX TABLE 14.3

## SHARE CAPITAL OF CENTRAL CO-OPERATIVE BANKS

(Amount in lakhs of rupees)

Name of the central co-operative bank	AS AT THE END OF JUNE 1957				Total share capital as at the end of June 1955	Percentage increase in total share capital during 1955-57
	Indivi- duals	Societies	State contribu- tion to share capital	Total		
	1	2	3	1+2+3 4	5	6
Broach Central Co-operative Bank ..	3.27	14.35	1.00	18.62	12.00	55
East Khandesh Central Co-operative Bank ..	6.75	20.42	3.00	30.17	16.03	88
Dharwar : Karnatak Central Co-operative Bank ..	6.87	15.97	1.00	23.84	16.46	45
Coimbatore Central Co-operative Bank ..	1.13	7.50	—	8.63	6.92	25
West Godavari : Eluru Central Co-operative Bank ..	0.29	12.79	2.00	15.09	6.57	130
Ferozepur : Ferozepur Central Co-operative Bank ..	0.26	2.54	1.00	3.80	2.59	47
Moga Central Co-operative Bank ..	0.21	2.01	0.50	2.72	1.93	41
Fazilka Central Co-operative Bank ..	0.47	1.30	0.50	2.27	1.86	22
Total ..	0.94	5.85	2.00	8.79	6.38	38
Etawah Central Co-operative Bank ..	0.58	7.84	—	8.42	4.20	100
Mandsaur : Mandsaur Central Co-operative Bank ..	0.51	1.59	0.75	2.84	1.32	115
Neemuch Central Co-operative Bank ..	0.57	0.64	—	1.21	0.81	49
Total ..	1.08	2.23	0.75	4.05	2.13	90
Gaya : Jahanabad Central Co-operative Bank ..	0.10	0.09	—	0.19	0.19	—
Aurangabad Central Co-operative Bank ..	0.02	0.28	—	0.30	0.20	49
Nawadah Central Co-operative Bank ..	0.09	0.22	—	0.31	0.30	3
Gaya Sadar Central Co-operative Bank ..	0.07	0.04	—	0.11	0.09	22
Total ..	0.28	0.63	— <sup>1</sup>	0.91	0.78	19
Nadia : Nadia Central Co-operative Bank ..	0.20	1.00	—	1.20	1.02	18
Ranaghat Central Co-operative Bank ..	0.01	0.74	—	0.75	0.58	29
Total ..	0.21	1.74	—	1.95	1.60	22
Bikaner Central Co-operative Bank ..	0.04	0.05	—	0.10	0.01	900

(Source : General Supply Schedule No. 2)

<sup>1</sup>An amount of Rs 1.50 lakhs was sanctioned towards share capital contribution of two central banks and could be drawn after the adoption of the model by-laws prescribed by the Registrar. It is, however, understood that the entire amount was released to Gaya Sadar Central Co-operative Bank during 1958-9.

## APPENDIX TABLE 14.4

TYPES OF DEPOSITS AS AT THE END OF JUNE 1957: CENTRAL  
CO-OPERATIVE BANKS

Name of the central co-operative bank	PROPORTION TO TOTAL DEPOSITS (Per cent)				
	Savings	Current <sup>1</sup>	Fixed	Others	Total
	1	2	3	4	5
Broach Central Co-operative Bank ...	45	37	18	—	100
East Khandesh Central Co-operative Bank ...	59	19	22	1	100
Dharwar : Karnatak Central Co-operative Bank ...	15	27	50	8	100
Coimbatore Central Co-operative Bank ...	2	29	30	39	100
West Godavari : Eluru Central Co-operative Bank ...	6	13	60	21	100
Ferozepur : Ferozepur Central Co-operative Bank ...	35	37	27	1	100
Moga Central Co-operative Bank ...	53	11	30	6	100
Fazilka Central Co-operative Bank ...	52	7	39	2	100
Total ...	44	23	30	3	100
Etawah Central Co-operative Bank ...	14	22	45	19	100
Mandsaur : Mandsaur Central Co-operative Bank ...	61	20	18	1	100
Neemuch Central Co-operative Bank ...	39	19	16	26	100
Total ...	54	19	18	9	100
Gaya : Jahanabad Central Co-operative Bank ...	55	3	—	42	100
Aurangabad Central Co-operative Bank ...	100	—	—	—	100
Nawadah Central Co-operative Bank ...	43	—	57	—	100
Gaya Sadar Central Co-operative Bank ...	40	9	—	51	100
Total ...	66	1	23	10	100
Nadia : Nadia Central Co-operative Bank ...	1	—	95	4	100
Ranaghat Central Co-operative Bank ...	3	—	79	18	100
Total ...	1	—	93	6	100
Bikaner Central Co-operative Bank ...	11	89	—	—	100

(Source : General Supply Schedule No. 2)

<sup>1</sup>Includes credit balances in cash-credit accounts, wherever reported. (For details see Appendix Table 14.5.)

## APPENDIX TABLE 14.5

## DEPOSITS IN CENTRAL CO-OPERATIVE BANKS

(Amount in lakhs of rupees)

Name of the central co-operative bank	AS AT THE END OF JUNE 1957					Total deposits as at the end of June 1955 <sup>1</sup>
	Co-operative institutions	Individuals	Quasi-Government bodies	Others <sup>1</sup>	Total	
	1	2	3	4	5	
Broach Central Co-operative Bank ..	30.85	55.03	8.85	—	94.73	117.46
East Khandesh Central Co-operative Bank ..	40.94	258.24	—	3.77	302.95	212.74
Dharwar : Karnatak Central Co-operative Bank ..	40.49	138.81	42.76	—	222.06	168.80
Coimbatore Central Co-operative Bank ..	66.65	24.39	1.19	15.99	108.22	104.33
West Godavari : Eluru Central Co-operative Bank ..	15.03	30.56	3.59	(6.60) 0.20 (0.20)	49.38	(5.86) 40.02 (1.09)
Ferozepur : Ferozepur Central Co-operative Bank ..	1.36	12.53	1.11	8.23	23.23	12.43
Moga Central Co-operative Bank ..	1.87	12.93	0.05	2.54	17.39	10.65
Fazilka Central Co-operative Bank ..	0.64	8.03	—	—	8.67	(0.01) 4.75
Total ..	3.87	33.49	1.16	10.77	49.29	27.82
Etawah Central Co-operative Bank ..	1.92	12.32	—	—	14.24	9.48
Mandsaur : Mandsaur Central Co-operative Bank ..	4.55	15.33	1.76	—	21.64	12.37
Neemuch Central Co-operative Bank ..	1.73	5.92	—	2.64	10.29	7.15
Total ..	6.28	21.25	1.76	2.64	31.93	19.52
Gaya : Jahanabad Central Co-operative Bank ..	0.31	—	—	—	0.31	0.19
Aurangabad Central Co-operative Bank ..	0.64	0.42	—	—	1.05	0.88
Nawadah Central Co-operative Bank ..	0.64	0.45	—	—	1.09	(0.12) 0.99
Gaya Sadar Central Co-operative Bank ..	0.27	0.02	—	—	0.30	0.17
Total ..	1.86	0.89	—	—	2.75	2.23
Nadia : Nadia Central Co-operative Bank ..	0.22	2.57	—	—	2.79	3.06
Ranaghat Central Co-operative Bank ..	0.03	0.33	—	0.04	0.40	0.48
Total ..	0.25	2.90	—	0.04	3.19	3.54
Bikaner Central Co-operative Bank ..	0.19	0.02	—	—	0.21	—

(Source : General Supply Schedule No. 2)

<sup>1</sup>Figures within brackets indicate credit balances in cash-credit accounts.

## APPENDIX TABLE 14.6

## BORROWINGS OF CENTRAL CO-OPERATIVE BANKS

(Amount in lakhs of rupees)

Name of the central co-operative bank	AS AT THE END OF JUNE 1957					Total borrowings as at the end of June 1955
	Government	State co-operative bank	Reserve Bank of India	Others	Total	
	1	2	3	4	5	6
Broach Central Co-operative Bank	—	—	50.00	—	50.00	—
East Khandesh Central Co-operative Bank	4.85	2.12	25.60	0.96	33.54	25.00
Dharwar: Karnatak Central Co-operative Bank	—	—	50.00	2.38	52.38	—
Coimbatore Central Co-operative Bank	—	19.67	24.49	—	44.16	8.04
West Godavari: Eluru Central Co-operative Bank	—	58.35	73.00	—	131.35	22.12
Ferozepur: Ferozepur Central Co-operative Bank	0.08	—	10.65	—	10.73	5.42
Moga Central Co-operative Bank	—	—	10.73	—	10.73	6.96
Fazilka Central Co-operative Bank	—	—	7.50	0.56	8.06	7.38
Total	0.08	—	28.88	0.56	29.52	19.76
Etawah Central Co-operative Bank	—	5.76	—	—	5.76	5.86
Mandsaur: Mandsaur Central Co-operative Bank	—	2.00	—	—	2.00	—
Neemuch Central Co-operative Bank	0.05	—	—	—	0.05	0.02
Total	0.05	2.00	—	—	2.05	0.02
Gaya: Jahanabad Central Co-operative Bank	—	1.06 <sup>1</sup>	—	—	1.06	1.41
Aurangabad Central Co-operative Bank	—	0.60 <sup>1</sup>	—	—	0.60	0.94
Nawadah Central Co-operative Bank	—	2.42 <sup>1</sup>	—	—	2.42	2.73
Gaya Sadar Central Co-operative Bank	—	2.90 <sup>1</sup>	—	—	2.90	1.74
Total	—	6.98	—	—	6.98	6.82
Nadia: Nadia Central Co-operative Bank	—	3.59	—	—	3.59	3.34
Ranaghat Central Co-operative Bank	—	4.00	—	—	4.00	2.89
Total	—	7.59	—	—	7.59	6.23
Bikaner Central Co-operative Bank	—	—	—	0.15	0.15	—

(Source: General Supply Schedule No. 2)

<sup>1</sup>Includes loans from State Government given for construction of godowns etc.



## APPENDIX TABLE 14.7

LOANS OF CENTRAL CO-OPERATIVE BANKS OUTSTANDING  
AT THE END OF JUNE 1957 ACCORDING TO SECURITY

Name of the central co-operative bank	Total outstandings (Amount in lakhs of rupees)	PROPORTION OF LOANS OUTSTANDING AGAINST THIS SECURITY TO TOTAL OUTSTANDINGS (Per cent)				
		Promissory notes of societies	Mortgage of land and other property	Agricultural and other commodities	Fixed deposits	Others
	1	2	3	4	5	6
Broach Central Co-operative Bank <sup>4</sup> ...	103.74	86 <sup>1</sup>	—	10	—	5
East Khandesh Central Co-operative Bank <sup>4</sup> ...	164.65	89	—	8	1	2
Dharwar: Karnatak Central Co-operative Bank <sup>4</sup> ...	235.83	66 <sup>1</sup>	—	11	1	23 <sup>2</sup>
Coimbatore Central Co-operative Bank ...	115.70 <sup>3</sup>	99	—	—	1	—
West Godavari: Eluru Central Co-operative Bank	171.64 <sup>3</sup>	68	—	31	1	—
Ferozepur :						
Ferozepur Central Co-operative Bank ...	23.15	71	28	—	1	—
Moga Central Co-operative Bank ...	22.78	94	5	—	1	—
Fazilka Central Co-operative Bank ...	13.02	88	12	—	—	—
Total ...	58.95	84	16	—	1	—
Etawah Central Co-operative Bank ...	15.98	..	..	..	..	..
andsaur :						
Mandsaur Central Co-operative Bank <sup>4</sup> ...	19.48	93	4	3	—	—
Neemuch Central Co-operative Bank <sup>4</sup> ...	11.36	79	6	14	—	1
Total ...	30.84	88	5	7	—	—
Gaya :						
Jahanabad Central Co-operative Bank ...	1.38 <sup>5</sup>	57 <sup>6</sup>	43	—	—	—
Aurangabad Central Co-operative Bank ...	1.70	57	43	—	—	—
Nawadah Central Co-operative Bank ...	2.82	44	56	—	—	—
Gaya Sadar Central Co-operative Bank ...	2.37	79	21	—	—	— <sup>7</sup>
Total ...	8.27 <sup>5</sup>	55	45	—	—	—
Nadia :						
Nadia Central Co-operative Bank ...	5.73	33 <sup>8</sup>	67	—	—	—
Ranaghat Central Co-operative Bank ...	4.06	11	89	—	—	—
Total ...	9.79	24	76	—	—	—
Bikaner Central Co-operative Bank ...	0.15 <sup>9</sup>	..	..	..	..	..

(Source : General Supply Schedule No. 2)

<sup>1</sup>Includes medium-term loans also. <sup>2</sup>Including cash-credits to societies against general assets.<sup>3</sup>Excludes outstandings in respect of cash-credit accounts. <sup>4</sup>Loans shown against promissory notes of societies include those given by primary credit societies against first charge on land of members.<sup>5</sup>Excludes outstandings in respect of interest-bearing and non interest-bearing old loans. <sup>6</sup>Includes Rs 0.28 lakh representing fertilizer loans. In respect of these loans the central bank issued permits in favour of the societies against which they obtained manures from the Credit Agricole depots.<sup>7</sup>An amount of Rs 0.04 lakh not classified according to security.<sup>8</sup>These were treated as clean loans. These loans, mostly medium-term, were given prior to 1940 and no loan papers including promissory notes were available with the bank. <sup>9</sup>Represents amount channelised through the bank for financing four sheep-breeding societies in Churu district.

**APPENDIX TABLE 14.8**  
**FLOW OF CREDIT—CENTRAL CO-OPERATIVE BANKS**

(Amount in lakhs of rupees)

Name of the central co-operative bank	LOANS ADVANCED DURING THE YEAR 1956-7 BY			OUTSTANDING LOANS HELD AT THE END OF JUNE 1957 FROM		
	Reserve Bank of India to central co-operative banks <sup>1</sup>	Central banks to agricultural credit and multi-purpose societies <sup>2</sup>	Agricultural credit societies to members	Reserve Bank of India by central banks	Central banks by agricultural credit and multi-purpose societies	Agricultural credit societies by members
	1	2	3	4	5	6
Broach Central Co-operative Bank ...	125.00	182.39	142.49	50.00	91.40	114.45
East Khandesh Central Co-operative Bank ...	21.00	298.85 <sup>11</sup>	185.43	25.60	143.83	213.37
Dharwar : Karnatak Central Co-operative Bank ...	70.00	158.61	136.61	50.00	155.95	186.90
Coimbatore Central Co-operative Bank ...	17.00	101.93	108.33	24.49	99.11	131.34
West Godavari : Eluru Central Co-operative Bank Ferozepur :	78.50	164.05	230.08 <sup>2</sup>	73.00	137.70	196.46 <sup>3</sup>
Ferozepur Central Co-operative Bank ...	10.00	17.29		10.65	14.10	
Moga Central Co-operative Bank ...	10.00	25.98		10.73	20.83	
Fazilka Central Co-operative Bank ...	8.50	9.41		7.50	12.99	
Total ...	28.50	52.68	60.48	28.88	47.92	59.00
Etawah Central Co-operative Bank ...	— <sup>4</sup>	20.60	19.59	—	12.15	15.51
Mandsaur :						
Mandsaur Central Co-operative Bank ...	2.00	15.46		2.00 <sup>5</sup>	18.14	
Neemuch Central Co-operative Bank ...	— <sup>6</sup>	8.19 <sup>7</sup>		—	8.97	
Total ...	2.00	23.65	23.76	2.00 <sup>5</sup>	27.11	32.09
Gaya :						
Jahanabad Central Co-operative Bank ...	—	0.81		—	1.32	
Aurangabad Central Co-operative Bank ...	—	1.40		—	1.62	
Nawadah Central Co-operative Bank ...	—	0.71		—	2.82	
Gaya Sadar Central Co-operative Bank ...	—	2.52		—	2.21	
Total ...	—	5.44	4.38 <sup>8</sup>	—	7.97	7.57 <sup>9</sup>
Nadia :						
Nadia Central Co-operative Bank ...	5.65 <sup>5</sup>	7.10 <sup>3</sup>		3.59 <sup>5</sup>	5.73	
Ranaghat Central Co-operative Bank ...	3.90 <sup>5</sup>	3.04		4.00 <sup>5</sup>	4.02	
Total ...	9.55	10.14	4.76	7.59 <sup>5</sup>	9.75	11.03
Bikaner Central Co-operative Bank ...	— <sup>10</sup>	—	—	—	—	—

(Source : Figures in column 1 are based on the data supplied by the Agricultural Credit Department of the Reserve Bank of India. Figures in columns 2, 4 and 5 are based on General Supply Schedule No. 2. Figures in columns 3 and 6 are from the Consolidated Statistical Statements received from the Assistant Registrars of Co-operative Societies of the selected districts.)

<sup>1</sup>Refers to amounts drawn in respect of short-term loans advanced by the Reserve Bank of India at 2 per cent below the Bank Rate. <sup>2</sup>Includes drawings against cash-credit, overdrafts, bills and hundis. <sup>3</sup>Inclusive of figures for area in West Godavari not covered by Eluru Central Co-operative Bank. <sup>4</sup>A limit of Rs 10 lakhs was sanctioned for the bank but was not drawn during the year. <sup>5</sup>Represents loans held from State Co-operative Bank for which the Reserve Bank fixed an aggregate limit against State Government guarantee. <sup>6</sup>Borrowings from Government only. <sup>7</sup>Includes data in respect of urban credit societies. <sup>8</sup>Data relate to 1,413 societies as against 1,504 societies in the district as at the end of June 1957. <sup>9</sup>Including Rs 5.65 lakhs representing adjustment entries. <sup>10</sup>Separate figures not available as aggregate limit was fixed for the State Co-operative Bank against State Government guarantee. <sup>11</sup>Separate data for loans to marketing societies are not available.

## APPENDIX TABLE 14.9

BORROWINGS OF CENTRAL CO-OPERATIVE BANKS ACCORDING TO  
RATE OF INTEREST, 1956-7

(Amount in lakhs of rupees)

Name of the central co-operative bank	Nil per cent	Upto 9/10 per cent	1 per cent to 1-9/10 per cent	2 per cent to 2-9/10 per cent	3 per cent to 3-9/10 per cent	4 per cent to 4-9/10 per cent	5 per cent to 5-9/10 per cent	Total borrowings
	1	2	3	4	5	6	7	8
Broach Central Co-operative Bank ...	—	—	—	50.00	—	—	—	50.00
East Khandesh Central Co-operative Bank ...	8.50	0.95	21.00	—	3.08	—	—	33.54
Dharwar: Karnatak Central Co-operative Bank ...	—	—	—	50.00	—	2.38	—	52.38
Coimbatore Central Co-operative Bank ...	—	—	12.67	24.49	7.00	—	—	44.16
West Godavari: Eluru Central Co-operative Bank ...	—	3.19	—	110.94	—	17.23	—	131.35
Ferozepur: Ferozepur Central Co-operative Bank ...	—	—	—	10.65	0.08	—	—	10.73
Moga Central Co-operative Bank ...	—	—	—	10.73	—	—	—	10.73
Fazilka Central Co-operative Bank ...	—	—	—	7.50	—	0.56	—	8.06
Total ...	—	—	—	28.88	0.08	0.56	—	29.51
Etawah Central Co-operative Bank ...	—	—	—	—	—	5.76	—	5.76
Mandsaur: Mandsaur Central Co-operative Bank ...	..	..	..	..	..	..	..	2.00
Neemuch Central Co-operative Bank ...	—	—	—	—	—	0.05	—	0.05
Total ...	..	..	..	..	..	..	..	2.05
Gaya: Jahanabad Central Co-operative Bank ...	—	—	—	—	1.06	—	—	1.06
Aurangabad Central Co-operative Bank ...	—	—	—	—	0.59	0.01	—	0.60
Nawadah Central Co-operative Bank ...	1.22	—	—	—	0.58	0.62	—	2.42
Gaya Sadar Central Co-operative Bank ...	—	—	—	—	2.04	0.64	—	2.90 <sup>1</sup>
Total ...	1.22	—	—	—	4.27	1.27	—	6.98
Nadia: Nadia Central Co-operative Bank ...	—	—	—	—	3.59	—	—	3.59
Ranaghat Central Co-operative Bank ...	—	—	—	—	3.82	—	0.18	4.00
Total ...	—	—	—	—	7.41	—	0.18	7.59
Bikaner Central Co-operative Bank ...	—	—	—	—	—	0.15	—	0.15

(Source : General Supply Schedule No. 2)

<sup>1</sup>Information in respect of Rs 0.22 lakh not available.

## APPENDIX TABLE 14.10

OUTSTANDING LOANS HELD BY MEMBERS FROM CENTRAL CO-OPERATIVE  
BANKS IN 1956-7, ACCORDING TO RATE OF INTEREST

BANKS IN 1956-7, ACCORDING TO RATE OF INTEREST TO TOTAL LOANS OUTSTANDING									
Name of the central co-operative bank	Total (In lakhs of rupees)	PROPORTION OF LOANS OUTSTANDING ACCORDING TO THIS RATE OF INTEREST TO TOTAL LOANS OUTSTANDING (Per cent)							
		Upto 2-9/10 per cent	3 per cent to 3-9/10 per cent	4 per cent to 4-9/10 per cent	5 per cent to 5-9/10 per cent	6 per cent to 6-9/10 per cent	7 per cent to 7-9/10 per cent	Above 8 per cent	Not classified
		1	2	3	4	5	6	7	8
Broach Central Co-operative Bank ..	103.74	—	—	86	11	3	—	—	—
East Khandesh Central Co-operative Bank ..	164.65	1	—	75	9	9	4	2	—
Dharwar : Karnatak Central Co-operative Bank ..	235.83	—	—	—	63 <sup>1</sup>	15	—	—	21
Coimbatore Central Co-operative Bank ..	122.29	—	—	11	89	—	—	—	—
West Godavari: Eluru Central Co-operative Bank ..	177.52	—	2	94	1	3	—	—	—
Ferozepur :									
Ferozepur Central Co-operative Bank ..	23.15	—	—	1	92	—	—	—	7
Moga Central Co-operative Bank ..	22.78	—	—	1	—	99	—	—	—
Fazilka Central Co-operative Bank ..	13.02	—	—	—	—	92	—	—	7
Total ..	58.95	—	—	1	36	59	—	—	4
Etawah Central Co-operative Bank ..	15.98	—	—	—	—	99	1	—	—
Mandsaur :									
Mandsaur Central Co-operative Bank ..	19.48	—	—	—	—	8	92	—	—
Neemuch Central Co-operative Bank ..	11.36	—	—	1 <sup>1</sup>	—	14	85 <sup>2</sup>	—	—
Total ..	30.84	—	—	1 <sup>1</sup>	—	11	89 <sup>2</sup>	—	—
Gaya :									
Jahanabad Central Co-operative Bank ..	1.45	—	—	—	100	—	—	—	—
Aurangabad Central Co-operative Bank ..	1.70	..	..	..	..	..	..	..	..
Nawadah Central Co-operative Bank ..	2.82	—	21	—	67	12	—	—	—
Gaya Sadar Central Co-operative Bank ..	2.37	—	—	—	100	—	—	—	—
Total ..	8.34	..	..	..	..	..	..	..	..
Nadia :									
Nadia Central Co-operative Bank ..	5.73	—	—	—	—	67	—	33 <sup>3</sup>	—
Ranaghat Central Co-operative Bank ..	4.06	—	—	—	—	100	—	—	—
Total ..	9.79	—	—	—	—	80	—	20	—
Bikaner Central Co-operative Bank ..	0.15	—	—	—	—	100	—	—	—

(Source : General Supply Schedule No. 2)

<sup>1</sup>At rates varying between 4½ and 6 per cent per annum.<sup>2</sup>Including Rs 0.66 lakh at 6 to 7½ per cent.<sup>3</sup>At 9-3/8 per cent per annum.

## APPENDIX TABLE 14.11

MOST USUAL RATES OF INTEREST ON BORROWINGS AND LENDINGS OF  
CENTRAL CO-OPERATIVE BANKS AND LENDINGS OF PRIMARY CREDIT  
SOCIETIES IN 1956-7, IN PER CENT PER ANNUM

Name of the central co-operative bank	CENTRAL CO-OPERATIVE BANK			Loans by primary agricultural credit societies to individual members <sup>1</sup>
	Borrowings	Deposits	Lendings	
	1	2	3	
Broach Central Co-operative Bank ...	2½	1-2½	4-5	6½
East Khandesh Central Co-operative Bank	1½-3½	1½-3	4½-5	7-13/16
Dharwar: Karnatak Central Co-operative Bank ...	2½	2-4	4½-6½ <sup>3</sup>	7-13/16
Coimbatore Central Co-operative Bank ...	2½	1½-3	5	6½
West Godavari: Eluru Central Co-operative Bank ...	2½	2-4	4½	6½
Ferozepur :				
Ferozepur Central Co-operative Bank...	2	2-4	5	—
Moga Central Co-operative Bank ...	2½	2-3½	6	—
Fazilka Central Co-operative Bank ...	2½	2-3	6	—
Total ...				9-3/8
Etawah Central Co-operative Bank ...	4	3-5	6½	9
Mandsaur :				
Mandsaur Central Co-operative Bank ...	..	2½-4½	6-7½	—
Neemuch Central Co-operative Bank ...	4½	2½-4½	7½	—
Total ...				9
Gaya:				
Jahanabad Central Co-operative Bank...	3	1½	5	—
Aurangabad Central Co-operative Bank.	3	1½	..	—
Nawadah Central Co-operative Bank ...	3-4	1½	5½	—
Gaya Sadar Central Co-operative Bank	3-4	2	5	—
Total ...				3-7
Nadia :				
Nadia Central Co-operative Bank ...	3	— <sup>2</sup> -7½	6½	—
Ranaghat Central Co-operative Bank ...	3	— <sup>2</sup>	6½	—
Total ...				7½-10 <sup>15</sup> / <sub>16</sub>
Bikaner Central Co-operative Bank ...	4½	2½	6	—

(Source : General Supply Schedule No. 2 for columns 1, 2 and 3 and General Supply Schedule No. 1 for column 4)

<sup>1</sup>For further details see Table 16.22.

<sup>2</sup>Payment of interest on fixed deposits stopped.

<sup>3</sup>Interest rate on short-term loans was increased from 4½ per cent per annum to 5 per cent per annum on 1 July 1957.

## APPENDIX TABLE 14.12

## OVERDUES IN CENTRAL CO-OPERATIVE BANKS AT THE END OF JUNE 1957

(Amount in lakhs of rupees)

Name of the central co-operative bank	Out-standings	Authorized overdues	Percentage of authorized overdues to out-standings	Unauthorized overdues	Percentage of unauthorized overdues to out-standings	Percentage of total overdues to out-standings (Columns 2+4 as percentage of column 1)
	1	2	3	4	5	6
Broach Central Co-operative Bank ...	103.74	0.12	—	4.65	4	5
East Khandesh Central Co-operative Bank ...	164.65	..	..	..	..	13
Dharwar: Karnatak Central Co-operative Bank ...	235.83	31.31	13	12.78 <sup>1</sup>	5	19
Coimbatore Central Co-operative Bank ...	122.29	0.26	—	—	—	—
West Godavari: Eluru Central Co-operative Bank ...	177.52	4.43	2	—	—	2
Ferozepur:						
Ferozepur Central Co-operative Bank ...	23.15	..	..	..	..	30
Moga Central Co-operative Bank ...	22.78	—	—	5.67	25	25
Fazilka Central Co-operative Bank ...	13.02	..	..	..	..	24
Total ...	58.95	..	..	..	..	27
Etawah Central Co-operative Bank ...	15.98	..	..	..	..	46
Mandsaur:						
Mandsaur Central Co-operative Bank ...	19.48	—	—	1.12	6	6
Neemuch Central Co-operative Bank ...	11.36	—	—	0.76	7	7
Total ...	30.84	—	—	1.88	6	6
Gaya:						
Jahanabad Central Co-operative Bank ...	1.45	..	..	..	..	59
Aurangabad Central Co-operative Bank ...	1.70	..	..	..	..	82
Nawadah Central Co-operative Bank ...	2.82	..	..	..	..	70
Gaya Sadar Central Co-operative Bank ...	2.37	..	..	..	..	67
Total ...	8.34	..	..	..	..	69
Nadia:						
Nadia Central Co-operative Bank ...	5.73	..	..	..	..	100
Ranaghat Central Co-operative Bank ...	4.06	—	—	1.99	49	49
Total ...	9.79	..	..	..	..	79
Bikaner Central Co-operative Bank ...	0.15	..	..	..	..	..

(Source : General Supply Schedule No. 2)

<sup>1</sup>Relates to overdues in respect of short-term and medium-term loans only.

## APPENDIX TABLE 14.13

## COST OF MANAGEMENT OF CENTRAL CO-OPERATIVE BANKS IN 1956-7

(Amount in lakhs of rupees)

Name of the central co-operative bank	Loans and advances granted during the year	Working capital as at the end of June 1957	COST OF MANAGEMENT <sup>1</sup>		
			Total	Per Rs 100 of loans and advances	Per Rs 100 of working capital
				(Rs)	(Rs)
	1	2	3	4	5
Broach Central Co-operative Bank ...	317.94	171.68	1.82	0.6	1.1
EastKhandesh Central Co-operative Bank	505.28 <sup>2</sup>	393.36	4.69	0.9	1.2
Dharwar: Karnatak Central Co-operative Bank ...	257.25	310.99	4.64	1.8	1.5
Coimbatore Central Co-operative Bank.	326.42	168.95	3.29	1.0	1.9
West Godavari: Eluru Central Co-operative Bank ...	235.86	201.11	0.93	0.4	0.5
Ferozepur:					
Ferozepur Central Co-operative Bank.	27.77	41.69	0.42	1.5	1.0
Moga Central Co-operative Bank ...	27.36	35.76	0.32	1.2	0.9
Fazilka Central Co-operative Bank ...	9.45	22.98	0.25	2.7	1.1
Total ...	64.58	100.43	0.99	1.5	1.0
Etawah Central Co-operative Bank ...	22.97	30.09	0.48	2.1	1.6
Mandsaur:					
Mandsaur Central Co-operative Bank.	16.45	28.03	0.59	3.6	2.1
Neemuch Central Co-operative Bank .	14.34	12.40	0.32	2.2	2.3
Total ...	30.79	40.43	0.91	3.0	2.3
Gaya:					
Jahanabad Central Co-operative Bank	0.82	2.17	0.03	3.6	1.3
Aurangabad Central Co-operative Bank ...	1.40	2.35	0.03	1.9	1.1
Nawadah Central Co-operative Bank	0.71	3.85	0.05	7.7	1.4
Gaya Sadar Central Co-operative Bank ...	2.59	3.31	0.26	10.0	7.8
Total ...	5.51	11.68	0.37	6.7	3.2
Nadia:					
Nadia Central Co-operative Bank ...	7.10	9.48	0.15	2.1	1.6
Ranaghat Central Co-operative Bank.	3.05	5.89	0.09	2.9	1.5
Total ...	10.14	15.37	0.24	2.4	1.6
Bikaner Central Co-operative Bank ...	0.15	0.46	0.04	24.1	7.9

(Source : General Supply Schedule No. 2)

<sup>1</sup>Cost of Management is taken as total of honorarium or salary paid to Managing Director, salaries and allowances including provident fund contribution to regular staff and administrative (supervision) section staff, Directors' and other committee members' fees and allowances, rent, printing and stationery, postage, audit fees, travelling allowances and miscellaneous expenditure.

<sup>2</sup>Data regarding loans and advances to marketing societies, farming societies and societies other than agricultural credit societies are not separately available.

**APPENDIX TABLE 14.14**  
**COMPOSITION OF BOARDS OF DIRECTORS OF CENTRAL**  
**CO-OPERATIVE BANKS, 1956-7**

Name of the central co-operative bank	Number of Directors representing societies	Number of Directors representing individuals	Others	Total	Remarks
	1	2	3	4	5
Broach Central Co-operative Bank ...	11	4	—	15	No State nominees
East Khandesh Central Co-operative Bank ...	10	3	2	15 <sup>1</sup>	Two members were nominated by the Registrar of Co-operative Societies
Dharwar: Karnatak Central Co-operative Bank ...	12	4	—	16	No State nominees
Colmbatore Central Co-operative Bank ...	22 <sup>2</sup>	8	—	30 <sup>2</sup>	No State nominees
West Godavari: Eluru Central Co-operative Bank ...	11	5	—	16	No State nominees
Ferozepur:					
Ferozepur Central Co-operative Bank ...	..	..	—	19	No State nominees
Moga Central Co-operative Bank ...	..	..	—	12	No State nominees
Fazilka Central Co-operative Bank ...	9	6	2	17	Two State nominees
Etawah Central Co-operative Bank ...	9	9	3	21	District Collector was the chairman; District Planning Officer and Assistant Registrar of Co-operative Societies were co-opted as members.
Mandsaur:					
Mandsaur Central Co-operative Bank ...	3	3	4	10	District Collector who was the chairman of the board and Assistant Registrar of Co-operative Societies were <i>ex-officio</i> members and two State nominees.
Neemuch Central Co-operative Bank ...	4	3	5	12	<i>Tahsildar</i> who was chairman and Inspector, Co-operation department, Neemuch, were <i>ex-officio</i> members and three State nominees.
Gaya:					
Jahanabad Central Co-operative Bank ...	7	2	1	10	Sub-Divisional Officer was <i>ex-officio</i> director and chairman.
Aurangabad Central Co-operative Bank ...	5	4	1	10	Sub-divisional Officer was <i>ex-officio</i> director and chairman.
Nawadah Central Co-operative Bank ...	5	4	1	10	Sub-Divisional Officer was <i>ex-officio</i> director and chairman.
Gaya Sadar Central Co-operative Bank ...	5	4	1 <sup>2</sup>	10	Sub-Divisional Officer was <i>ex-officio</i> director and chairman.
Nadia:					
Nadia Central Co-operative Bank ...	6	6	—	12	No State nominees.
Ranaghat Central Co-operative Bank ...	9	3	—	12	No State nominees.
Bikaner Central Co-operative Bank ...	5	4	3	12	Collector was an <i>ex-officio</i> Director and two nominated by the Registrar of Co-operative Societies.

(Source : General Supply Schedule No. 2)

<sup>1</sup> Including managing director who was an *ex-officio* director.

<sup>2</sup> Excluding one seat vacant.



## APPENDIX TABLE 15.1

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN BROACH

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registra- tion <sup>1</sup>	Number of societies amalgama- ted	Number of villages in the juris- diction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
B1	LS(C)	1924 (1957)	—	1	87	37	34
B2	LS(C) <sup>2</sup>	1941 (1955)	—	23	781	16	25
B3	SS <sup>3</sup>	1918	—	1	12	4	4
B4	SS	1911	—	4	49	5	5
B5	SS	1929	—	1	41	5	5
B6	LS(C)	1911 (1955)	—	6	301	42	40
B7	SS	1912	—	1	49	38	31
B8	LS(C) <sup>4</sup>	1947 (1957)	—	7	262	9	9
B9	SS	1918	—	4	170	36	38
B10	SS	1916	—	3	154	9	9
B11	LS(A)	1954 (1957)	2	22	186	7	8
B12	LS(C)	1949 (1956)	—	17	235	7	17
B13	LS(A) <sup>5</sup>	1947 (1956)	3	4	228	47	51
B14	LS(C) <sup>5</sup>	1939 (1957)	—	1	136	8	11
B15	LS(C) <sup>5</sup>	1948 (1955)	—	27	436 <sup>6</sup>	8	10
B16	LS(A) <sup>5</sup>	1947 (1956)	2	4	89 <sup>6</sup>	23	14

(Source : General Supply Schedule No. 1, except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

LS(C)=Large size credit society formed by conversion.

LS(A)=Large size credit society formed by amalgamation.

SS =Small size credit society.

<sup>1</sup>Date of amalgamation or conversion shown within brackets.<sup>2</sup>Subsequently converted into a marketing-cum-processing society.<sup>3</sup>Dormant; subsequently revived.<sup>4</sup>On 17 August 1957 a small size credit society merged in this society.<sup>5</sup>Purposively selected.<sup>6</sup>Excluding nominal members.

APPENDIX TABLE 15.1—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN BROACH

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (–) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (–) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
B1	– 8	87	13	—	+ 5	22	3
B2	+ 55	57	158	—	+209	353	41
B3	– 20	—	—	—	– 80	—	—
B4	+ 4	63	2	—	+ 2	4	1
B5	+ 11	59	3	—	+ 11	6	3
B6	– 4	86	41	—	– 5	26	5
B7	– 18	98	10	—	+ 7	44	4
B8	– 6	23	12	—	– 8	—	—
B9	+ 7	92	22	—	+ 27	5	1
B10	+ 5	63	7	—	+ 11	46	23
B11	+ 19	63	15	—	+226	4	—
B12	+135	60	18	—	+172	1	—
B13	+ 8	74	27	10	+ 19	3	1
B14	+ 43	63	21	—	+204	41	5
B15	+ 22	44	49	—	+121	211	42
B16	– 38	67	28	10	+ 22	112	8

<sup>1</sup>In 1956-7 over 1954-5.

## APPENDIX TABLE 15.1—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN BROACH

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/instalments	Whether medium-term loans were given
	15	16	17	18	19	20	21
B1	58	662	Yes	317	— 27	K & I	No
B2	678	869	Yes	1,727	+ 37	K & I	Yes
B3	5	455	No	—	— <sup>3</sup>	No	No
B4	16	336	Yes	51	— 15	No	No
B5	8	193	Yes	136	— 24	No	No
B6	156	519	Yes	380	+ 1	K	Yes
B7	50	1,015	Yes	1,064	+ 7	I	No
B8	24	92	Yes	95	— 2	No	No
B9	106	624	Yes	539	+ 51	No	No
B10	30	195	Yes	47	— 38	No	No
B11	181	972	Yes	1,063	+737	K & I	No
B12	66	283	Yes	1,416	+916	K & I	No
B13	73	320	Yes	476	+170	K	No
B14	108	794	Yes	1,336	+343	I	Yes
B15	219	502	Yes	507	— 26	K & I	Yes
B16	125	1,400	Yes	3,315	+ 5	K & I	No

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1956-7.

K—A part of the loan was given in kind.

I—Loans were given in instalments.

APPENDIX TABLE 15.1—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN BROACH

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to out-standings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to out-standings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
B1	74	70	+64	79	88	1	3
B2	85	—	—	100	93	2	2
B3	57	—	—	100	93	1	1
B4	21	66	-22	10	22	2	3
B5	77	40	+35	40	49	1	3
B6	42	3	-4	21	23	2	2
B7	66	5	+5	100	81	1	3
B8	54	—	-1	—	—	3	1
B9	48	90	+66	—	—	1	1
B10	53	80	+18	—	—	1	1
B11	72	—	—	80	69	2	2
B12	46	1	-3	65	67	2	2
B13	44	5	+5	30	15	1	2
B14	44	—	—	100	62	2	2
B15	53	6	+6	90	71	4	4
B16	62	—	—	80	46	1	2

<sup>1</sup>In 1956-7 over 1954-5.

£ Not affiliated to any marketing society

Not affiliated to any marketing society but linked .. — 1.

Affiliated to a marketing society but not linked .. — 2.

Affiliated and linked to a marketing society .. — 3.

\$ Members not reporting sale through co-operatives .. — 4.

Itself carried on marketing of produce and members reported sale through the society .. — 1.

Members selling produce directly through some marketing society to which the credit society was not affiliated .. — 2.

Members selling produce through the marketing society to which the credit society was affiliated .. — 3.

.. — 4.

## APPENDIX TABLE 15.1

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN BROACH—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
B1	Part-time paid	Well	—	No	—	A
B2	Full-time paid <sup>2</sup>	Well	600	No	10,000 <sup>5</sup>	A
B3	Honorary	Well	—	No	—	C
B4	Part-time paid	Well	—	No	—	B
B5	Part-time paid	Well	—	No	—	A
B6	Part-time paid	Badly	—	No	10,000	A
B7	Part-time paid	Well	—	No	—	B
B8	Part-time paid	Badly	—	No	—	B
B9	Part-time paid	Badly	—	No	—	C
B10	Part-time paid	Badly	—	No	—	C
B11	Full-time paid	Well	396	No	—	B
B12	Honorary <sup>4</sup>	Well	1,750	No	—	B
B13	Full-time paid	Well	900	No	10,000	A
B14	Full-time paid	Well	—	No	—	A
B15	Full-time paid	Well	600	No	—	A
B16	Full-time paid	Badly	900	No	—	B

<sup>1</sup>Whether the secretary was (1) full-time paid ; (2) part-time paid ; (3) honorary ; (4) Village Level Worker (V.L.W.); (5) group secretary, etc.

<sup>2</sup>Also chairman of a small size society in the same village.

<sup>3</sup>Received from the Indian Central Oilseeds Committee.

<sup>4</sup>Received honorarium.

## APPENDIX TABLE 15.2

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN EAST KHANDESH

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registra- tion <sup>1</sup>	Number of societies amalgama- ted	Number of villages in the juris- diction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
K1	SS	1925	—	1	68	25	21
K2	SS	1949	—	1	57	23	26
K3	LS(C)	1925	—	1	160	5	25
K4	SS	(..) 1954	—	2	72	25	36
K5	SS	1920	—	1	88	29	28
K6	SS	1952	—	3	54	22	26
K7	SS	1949	—	2	194	29	46
K8	SS <sup>2</sup>	1945	—	3	82	23	43
K9	SS <sup>2</sup>	1945	—	2	94	37	47
K10	SS <sup>2</sup>	1925	—	1	70	32	42
K11	LS(C) <sup>2</sup>	1921	—	4	156	42	46
K12	SS	(1957) 1950	—	1	32	15	19
K13	LS(C) <sup>2</sup>	1926	—	2	220	16	23
K14	SS <sup>2</sup>	(1957) 1955	—	1	43	17	21

(Source : General Supply Schedule No. 1, except for columns 22, 25 and 26 which are based on  
Intensive Supply Schedule No. 2)

LS(C)—Large size credit society formed by conversion.

SS —Small size credit society.

<sup>1</sup>Date of conversion shown within brackets.<sup>2</sup>Issued pilot loans.

## APPENDIX TABLE 15.2—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN EAST KHANDESH

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (–) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees).		Percentage increase (+) or decrease (–) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
K1	– 17	76	4	—	+ 34	—	—
K2	+ 10	84	5	—	+ 30	1	—
K3	+371	76	10	—	+ 44	130	46
K4	+ 47	86	5	—	+ 68	—	—
K5	– 2	58	2	—	– 4	8	5
K6	+ 17	87	2	—	+ 68	—	—
K7	+ 60	92	9	—	+ 49	—	—
K8	+ 91	89	4	—	+ 33	—	—
K9	+ 29	100	7	—	+ 36	4	2
K10	+ 32	86	4	—	+191	5	1
K11	+ 9	95	8	—	+135	1	1
K12	+ 23	100	5	—	+ 32	—	—
K13	+ 40	79	25	10	+ 71	1	—
K14	+ 23	93	3	—	+588	—	—

<sup>1</sup>In 1956-7 over 1954-5.

APPENDIX TABLE 15.2—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN EAST KHANDESH

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/instalments	Whether medium-term loans were given
	15	16	17	18	19	20	21
K1	16	237	Yes	184	— 11	—	No
K2	18	314	Yes	225	—	—	No
K3	45	280	Yes	221	— 33	K & I	No
K4	20	281	Yes	260	+ 69	—	No
K5	16	183	No	—	— <sup>3</sup>	—	No
K6	10	182	Yes	168	+ 20	—	No
K7	40	206	Yes	166	— 32	—	No
K8	20	242	Yes	192	+ 46	K & I	No
K9	24	252	Yes	239	+ 74	K & I	No
K10	25	352	Yes	324	+ 82	K & I	No
K11	41	264	Yes	221	+ 46	K & I	No
K12	14	442	Yes	476	+ 6	—	No
K13	57	259	Yes	168	+ 70	K & I	No
K14	19	451	No	435	— <sup>4</sup>	K & I	No

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1956-7.<sup>4</sup>No advances in 1954-5.

K—A part of the loan was given in kind.

I—Loans were given in instalments.



## APPENDIX TABLE 15.2—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN EAST KHANDESH

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7 <sup>1</sup>	Proportion of overdues to out-standings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to out-standings <sup>2</sup>	Proportion of members selling produce through co-operatives in 1956-7 <sup>1</sup> (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 <sup>1</sup> (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
K1	63	18	+ 5	—	—	1	1
K2	93	17	+ 9	—	—	1	1
K3	76	24	+ 24	—	—	1	1
K4	..	1	+ 1	..	..	1	1
K5	—	100	+ 3	—	—	1	1
K6	89	5	— 2	50	46	1	2
K7	15	22	+ 19	—	—	1	2
K8	49	15	— 23	13	—	1	2
K9	85	8	— 7	63	54	1	2
K10	100	5	— 3	17	10	1	2
K11	72	19	— 2	32	24	1	2
K12	80	1	+ 1	10	2	1	3
K13	..	14	+ 11	..	..	2	3
K14	92	10	+ 10	—	—	2	3

<sup>1</sup>Relates to the period 16 March 1957 to 15 March 1958.<sup>2</sup>In 1956-7 over 1954-5.

£Not affiliated to any marketing society

.. — 1.

Not affiliated to any marketing society but linked

.. — 2.

Affiliated to a marketing society but not linked

.. — 3.

Affiliated and linked to a marketing society

.. — 4.

§Members not reporting sale through co-operatives

— 1.

Itself carried on marketing of produce and members reported sale through the society

— 2.

Members selling produce directly through a marketing society to which the credit society was not affiliated

.. — 3.

Members selling produce through the marketing society to which the credit society was affiliated

.. — 4.

## APPENDIX TABLE 15.2

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN EAST KHANDESH—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
K1	Full-time paid	Well	—	No	—	B
K2	Full-time paid	Well	—	No	—	A
K3	Part-time paid	Well	—	No	—	A
K4	Full-time paid	Well	63 <sup>2</sup>	No	—	B
K5	Part-time paid	Badly	—	No	—	D
K6	Part-time paid	Well	—	No	—	A
K7	Part-time paid	Well	—	No	—	C
K8	Full-time paid	Well	—	No	—	B
K9	Full-time paid	Well	—	No	—	A
K10	Part-time paid	Well	—	No	—	B
K11	Part-time paid	Well	—	No	—	B
K12	Part-time paid	Well	—	No	—	A
K13	Full-time paid	Well	600 <sup>2</sup>	Yes	—	A
K14	Full-time paid	Well	—	No	—	A

<sup>1</sup>Whether the secretary was (1) full-time paid; (2) part-time paid; (3) honorary; (4) Village Level Worker (V. L. W.); (5) group secretary, etc.

<sup>2</sup>Grant.

## APPENDIX TABLE 15.3

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN DHARWAR

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registration <sup>1</sup>	Number of societies amalgamated	Number of villages in the jurisdiction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
D1	LS(A)	1912 (1956)	4	7	511	19	35
D2	SS	1946	—	1	60	63	63
D3	SS	1949	—	1	167	68	71
D4	SS	1946	—	2	81	29	34
D5	SS	1919	—	1	67	8	8
D6	SS	1932	—	2	82	7	9
D7	SS	1916	—	2	192	24	44
D8	LS(C)	1948 (1955-6) <sup>4</sup>	—	4	219	30	31
D9	SS	1947	—	7	193	54	55
D10	LS(C)	1919 (1955-6) <sup>4</sup>	—	2	192	55	56
D11	SS <sup>3</sup>	1944	—	3	190	30	31
D12	LS(C) <sup>3</sup>	1950 (1956)	—	12	567	4	19
D13	LS(A) <sup>3</sup>	1947 (1956)	2	6	394	30	46
D14	LS(A) <sup>3</sup>	1914 (1956)	2	1	460	60	63
D15	LS(A) <sup>3</sup>	1939 (1956)	2	9	397	15	21
D16	SS <sup>3</sup>	1915	—	1	133	75	81

(Source : General Supply Schedule No. 1 except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

LS(A)—Large size credit society formed by amalgamation.

LS(C)—Large size credit society formed by conversion.

SS —Small size credit society.

<sup>1</sup>Date of amalgamation or conversion shown within brackets.<sup>2</sup>Dormant.<sup>3</sup>Purposively selected.<sup>4</sup>During this year the society received State contribution.

APPENDIX TABLE 15.3—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN DHARWAR

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
D1	+ 83	71	17	—	+128	6	2
D2	—	68	3	—	+ 6	8	3
D3	+ 4	48	10	—	+ 26	—	—
D4	+ 16	78	4	—	+ 90	—	—
D5	+ 3	67	3	—	+ 85	—	—
D6	+ 37	66	6	—	+134	—	—
D7	+ 29	60	5	—	+ 54	2	1
D8	+ 4	21	15	6	+ 31	4	2
D9	+ 3	72	9	—	+ 37	—	—
D10	+ 3	73	20	9	+ 9	5	1
D11	+ 6	40	4	—	+ 5	1	1
D12	+317	50	43	7	+364	—	—
D13	+ 52	57	17	—	+ 49	4	1
D14	+ 6	95	16	—	+ 67	5	1
D15	+ 41	37	9	—	+ 22	5	5
D16	+ 7	56	7	—	+ 16	29	13

<sup>1</sup>In 1956-7 over 1954-5.

## APPENDIX TABLE 15.3—(Continued)

## SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN DHARWAR

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/instalments	Whether medium-term loans were given
	15	16	17	18	19	20	21
D1	152	298	Yes	151	÷ 417	K & I	Yes
D2	14	239	No	69	— 48	I	No
D3	29	171	Yes	112	÷ 152	I	No
D4	28	350	Yes	239	÷ 659	I	No
D5	20	302	No	205	— <sup>2</sup>	I	Yes
D6	30	365	Yes	359	÷ 546	I	Yes
D7	45	233	Yes	150	÷ 438	I	No
D8	39	179	Yes	75	— 15	I	Yes
D9	32	164	Yes	45	— 5	I	Yes
D10	75	388	Yes	93	÷ 799 <sup>4</sup>	I	Yes
D11	25	130	No	—	— <sup>4</sup>	No	No
D12	172	303	Yes	259	÷ 412	I	Yes
D13	111	283	Yes	225	÷ 2010	I	Yes
D14	197	428	Yes	162	— <sup>5</sup>	I	Yes
D15	34	85	No	—	— <sup>4</sup>	I	Yes
D16	30	229	Yes	45	— 26	I	Yes

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1954-5.<sup>4</sup>No advances in 1956-7.<sup>5</sup>Data for 1954-5 are not available.

K—A part of the loan was given in kind.

I—Loans were given in instalments.

APPENDIX TABLE 15.3—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN DHARWAR

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to outstandings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to outstandings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
D1	66	48	— 22	11	57	3	4
D2	39	100	+ 48	—	—	1	1
D3	71	96	+ 96	24	17	3	4
D4	60	72	+ 65	8	4	3	1
D5	37	9	— 91	20	36	4	4
D6	82	23	— 65	20	20	3	4
D7	43	5	— 15	12	2	4	3 <sup>3</sup>
D8	45	86	+ 66	26	12	4	4
D9	29	97	— 3	—	—	1	1
D10	—	94	— 2	11	8	3	1
D11	—	100	+ 75	—	—	3	1
D12	63	86	+ 83	95	65	4	4
D13	72	92	— 4	—	—	3	1
D14	91	23	— <sup>2</sup>	50	74	4	4
D15	—	100	+ 25	5	5	3	1
D16	74	13	— 64	87	90	3	4

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Data for 1954-5 not available.<sup>3</sup>Arrangement for recovery of loans was made with a marketing society to which the society was not affiliated.

£Not affiliated to any marketing society

Not affiliated to any marketing society but linked

Affiliated to a marketing society but not linked

Affiliated and linked to a marketing society

\$Members not reporting sale through co-operatives

Itself carried on marketing of produce and members reported sale through the society

Members selling produce directly through a marketing society to which the credit society was not affiliated

Members selling produce through the marketing society to which the credit society was affiliated

.. — 1.

.. — 2.

.. — 3.

.. — 4.

.. — 1.

.. — 2.

.. — 3.

.. — 4.

## APPENDIX TABLE 15.3

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN DHARWAR—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/ subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
D 1	Full-time paid	Well	—	Yes	—	B
D 2	Honorary <sup>2</sup>	Badly	—	No	—	B
D 3	Part-time paid	Badly	—	No	—	A
D 4	Part-time paid	Badly	—	No	—	A
D 5	Part-time paid	Badly	—	No	—	C
D 6	Part-time paid	Badly	—	No	—	A
D 7	Part-time paid	Well	—	No	—	B
D 8	Part-time paid	Well	—	Yes	10,000	B
D 9	Part-time paid	Badly	—	No	—	C
D10	Full-time paid	Badly	—	Yes	10,000	C
D11	Part-time paid	Badly	—	No	—	B
D12	Full-time paid	Badly	500	Yes	—	A
D13	Full-time paid	Well	—	Yes	—	A
D14	Full-time paid	Well	—	Yes	10,000	B
D15	Full-time paid	Badly	—	Yes	—	C
D16	Full time paid	Well	—	No	—	A

<sup>1</sup>Whether the secretary was (1) full-time paid; (2) part-time paid; (3) honorary; (4) Village Level Worker (V.L.W.); (5) group secretary, etc.

<sup>2</sup>Received honorarium.

## APPENDIX TABLE 15.4

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN COIMBATORE

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/large size	Date of registration <sup>1</sup>	Number of societies amalgamated	Number of villages in the jurisdiction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
C1	LS(A) <sup>2</sup>	(1956)	5	7	544	9	18
C2	LS(A) <sup>2</sup>	1927	2	3	338	19	25
C3	SS <sup>2</sup>	(1957) 1909	—	4	106	15	18
C4	SS	1923	—	2	54	3	3
C5	SS <sup>3</sup>	1919	—	2	141	6	6
C6	SS	1938	—	2	119	8	8
C7	SS	1947	—	1	52	21	18
C8	SS	1950	—	2	79	7	10
C9	SS	1923	—	1	110	26	33
C10	SS <sup>2</sup>	1949	—	1	21	4	4
C11	SS	1924	—	1	183	37	36
C12	SS	1947	—	1	42	12	8
C13	SS <sup>2</sup>	1937	—	1	120	23	23
C14	SS	1957	—	1	138	—	23
C15	SS <sup>2</sup>	1916	—	3	278	12	14
C16	LS(A) <sup>5</sup>	(1956)	5	6	848 <sup>6</sup>	7	25
C17	LS(A) <sup>5</sup>	(1956)	2	4	397	13	24
C18	SS <sup>5</sup>	1950	—	1	50	7	7
C19	SS <sup>5</sup>	1930	—	2	140	46	62

(Source : General Supply Schedule No. 1, except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

Note : Societies C1 and C17 were located in the area covered by the Full Finance Scheme and the Integrated Rural Credit Scheme. Societies C2 and C16 were covered by the Integrated Rural Credit Scheme only.

LS(A)—Large size credit society formed by amalgamation.

SS — Small size credit society.

<sup>1</sup>Date of amalgamation shown within brackets.<sup>2</sup>Situated in the pilot project area.<sup>3</sup>Dormant.<sup>4</sup>Comparable data are not available as the society was registered after June 1955.<sup>5</sup>Purposely selected and situated in the pilot project area.<sup>6</sup>'A' class members only.



## APPENDIX TABLE 15.4—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN COIMBATORE

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
C1	+111	46	25	—	+317	11	4
C2	+ 28	69	9	—	+ 54	—	—
C3	— 18	41	1	—	— 1	—	—
C4	— 8	65	3	—	— 8	—	—
C5	—	44	4	—	—	—	—
C6	— 4	39	4	—	+ 44	—	—
C7	— 13	65	2	—	— 7	—	—
C8	+ 46	87	3	—	+ 40	—	—
C9	+ 29	66	5	—	+ 49	—	—
C10	+ 11	100	1	—	+ 32	—	—
C11	— 3	44	3	—	— 6	—	—
C12	— 30	38	2	—	— 14	—	—
C13	+ 2	16	2	—	— 4	—	—
C14	— <sup>2</sup>	94	3	—	— <sup>2</sup>	—	—
C15	+ 17	42	15	—	+ 58	2	—
C16	+218	64	27	—	+122	8	4
C17	+154	36	9	—	+246	5	5
C18	—	82	2	—	— 4	—	—
C19	+ 35	52	1	—	+ 58	4	4

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.

APPENDIX TABLE 15.4—(Continued)

## SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN COIMBATORE

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (in thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/installments	Whether medium-term loans were given
	15	16	17	18	19	20	21
C1	157	289	Yes	268	+ 1181	No	Yes
C2	50	147	Yes	80	+ 32	No	Yes
C3	15	140	No	—	— <sup>3</sup>	No	Yes
C4	15	281	No	—	— <sup>3</sup>	No	Yes
C5	14	96	No	—	— <sup>3</sup>	No	No
C6	13	108	Yes	45	— 57	No	Yes
C7	9	181	No	136	— <sup>4</sup>	No	No
C8	13	160	Yes	154	+ 9	No	Yes
C9	28	255	No	124	— <sup>4</sup>	No	Yes
C10	5	219	No	181	+ 77	No	Yes
C11	20	112	Yes	80	+ 57	No	Yes
C12	3	75	No	—	— <sup>3</sup>	No	Yes
C13	3	25	Yes	2	— 96	No	No
C14	25	178	Yes	163	— <sup>5</sup>	No	No
C15	103	371	No	36	— <sup>4</sup>	No	Yes
C16	167	197	Yes	289	+ 485	No	Yes
C17	43	107	No	79	— <sup>4</sup>	No	Yes
C18	7	138	Yes	126	+ 2	No	No
C19	14	100	No	91	+ 752	No	Yes

<sup>1</sup>Or from the year of registration if the society was registered after 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1956-7.<sup>4</sup>No advances in 1954-5.<sup>5</sup>Comparable data are not available as the society was registered after June 1955.

APPENDIX TABLE 15.4—(Continued)

## SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN COIMBATORE

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to outstandings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to outstandings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
C1	90	—	—10	18	9	4	4 <sup>3</sup>
C2	39	4	+ 2	—	—	3	1
C3	—	47	+30	—	—	3	1
C4	69	22	—20	10	29	3	1
C5	—	100	+24	—	—	3	1
C6	41	23	+19	—	—	3	1
C7	31	8	—92	—	—	3	1
C8	14	—	—	—	—	1	1
C9	49	3	—18	—	—	3	1
C10	90	10	—11	—	—	1	1
C11	66	—	—15	—	—	3	1
C12	100	8	— 1	—	—	3	1
C13	100	94	+69	—	—	1	1
C14	—	—	— <sup>2</sup>	—	—	3	1
C15	100	30	+14	—	—	1	1
C16	99	1	— 6	—	—	3	1
C17	55	6	—94	—	—	3	1
C18	100	3	—	—	—	3	1
C19	100	2	—41	—	—	3	1

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.<sup>3</sup>Some of the members sold their produce through some other marketing society also.

£ Not affiliated to any marketing society .. = 1.

Not affiliated to any marketing society but linked .. = 2.

Affiliated to a marketing society but not linked .. = 3.

Affiliated and linked to a marketing society .. = 4.

\$ Members not reporting sale through co-operatives .. = 1.

Itself carried on marketing of produce and members reported sale through the society .. = 2.

Members selling produce directly through a marketing society to which the credit society was not affiliated .. = 3.

Members selling produce through the marketing society to which the credit society was affiliated .. = 4.

## APPENDIX TABLE 15.4

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN COIMBATORE—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7	Audit classification
	29	30	31	32	33	34
C1	Full-time paid	Well	1,426	Yes <sup>3</sup>	—	B
C2	Full-time paid	Badly	—	Yes <sup>3</sup>	—	B <sup>4</sup>
C3	No secretary	Badly	—	No	—	C
C4	Honorary	Badly	—	No	—	B
C5	No secretary	Badly	—	No	—	C
C6	Honorary	Well	—	No	—	B
C7	No secretary	Badly	—	No	—	C
C8	Honorary	Well	—	No	—	C
C9	Honorary	Well	—	No	—	B
C10	Honorary	Badly <sup>2</sup>	—	No	—	C
C11	Honorary	Well	—	No	—	B
C12	Honorary	Badly	—	No	—	B
C13	Honorary	Badly	—	No	—	C
C14	Honorary	Well	—	No	—	Not audited B
C15	No secretary	Badly <sup>2</sup>	—	No	—	
C16	Full-time paid	Well	1,196	Yes <sup>3</sup>	—	B
C17	Full-time paid	Badly	79	Yes <sup>3</sup>	—	Not audited C
C18	Honorary	Well	—	No	—	
C19	Honorary	Well	—	No	—	C

<sup>1</sup>Whether the secretary was (1) full-time paid ; (2) part-time paid ; (3) honorary ; (4) Village Level Worker (V. L. W.) ; (5) group secretary, etc.

<sup>2</sup>Co-operative Supervisors brought them up-to-date.

<sup>3</sup>First set of Managing Committee members was nominated by the Deputy Registrar of Co-operative Societies.

<sup>4</sup>Relates to small size credit society.

## APPENDIX TABLE 15.5

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN WEST GODAVARI

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registra- tion <sup>1</sup>	Number of societies amalgama- ted	Number of villages in the juris- diction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
						6	7
W1	LS(A) <sup>2</sup>	(1956)	6	17	889	16	27
W2	LS(A) <sup>2</sup>	(1956)	3	3	705	39	57
W3	LS(A) <sup>2</sup>	(1956)	3	4	1,632	75	87
W4	LS(A) <sup>2</sup>	1924 (1956)	9	31	1,813	9	20
W5	LS(A) <sup>2</sup>	(1956)	2	5	635	11	22
W6	SS	1952	—	1	200	31	59
W7	SS	1912	—	2	573	96	84
W8	LS(A) <sup>2</sup>	(1955)	5	6	843	8	43
W9	SS	1939	—	1	113	15	21
W10	SS	1954	—	6	100	5	15
W11	SS	1954	—	1	107	..	25
W12	LS(A) <sup>4</sup>	(1956)	3	6	906	16	35
W13	LS(A) <sup>4</sup>	(1956)	3	4	1,089	17	40
W14	LS(C) <sup>4</sup>	(1955)	—	10	1109	19	27
W15	LS(A) <sup>5</sup>	(1956)	5	13	1016	55	49
W16	LS(A) <sup>5</sup>	(1956)	2	2	709	43	64
W17	LS(A) <sup>5</sup>	1955 (1956)	2	17	467	1	12
W18	LS(A) <sup>5</sup>	(1956)	2	4	374	16	46
W19	LS(A) <sup>5</sup>	(1956)	4 <sup>6</sup>	12	620	34	46

(Source : General Supply Schedule No. 1 except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

LS(A)—Large size credit society formed by amalgamation.

LS(C)—Large size credit society formed by conversion.

SS — Small size credit society.

<sup>1</sup>Date of amalgamation or conversion shown within brackets.<sup>2</sup>Situated in the pilot project area.<sup>3</sup>Only the jurisdiction of the newly organized society was extended to the area of operation of the merged societies.<sup>4</sup>Purposively selected.<sup>5</sup>Purposively selected and situated in the pilot project area.<sup>6</sup>One more society merged in this society in September 1957.

APPENDIX TABLE 15.5—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN WEST GODAVARI

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
	8	9	Total	Of which State contribution	12	13	14
W1	+ 65	60	26	10	+ 22	—	—
W2	+ 46	65	45	15	+ 89	12	2
W3	+ 16	29	22	6	— 1	2	3
W4	+120	65	47	7	+ 325	—	—
W5	+101	76	18	6	+ 225	—	—
W6	+ 59	77	1	—	+ 93	—	—
W7	— 13	53	4	—	+ 16	—	1
W8	+408	65	76	—	+ 855	216	43
W9	+ 43	90	2	—	+ 33	—	—
W10	+223	92	3	—	+ 244	—	—
W11	..	97	2	—	+ 78	—	—
W12	+119	62	62	—	+ 1,346	55	21
W13	+131	62	57	—	+ 240	256	66
W14	+ 43	67	74	—	+ 44	120	28
W15	+123	44	34	10	+ 116	1	—
W16	+ 47	68	54	12	+ 226	2	—
W17	+1,630	60	22	10	+41,500	—	—
W18	+141	74	23	6	+ 618	1	—
W19	+ 41	71	33	10	+ 108	5	1

<sup>1</sup>In 1956-7 over 1954-5.

## APPENDIX TABLE 15.5—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN WEST GODAVARI

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/instalments	Whether medium-term loans were given
	15	16	17	18	19	20	21
W1	152	171	Yes	151	+ 1174	No	No
W2	454	644	Yes	483	+ 166	No	Yes
W3	94	58	No	2	— <sup>3</sup>	No	No
W4	401	221	Yes	224	+ 629	No	No
W5	116	182	Yes	211	+ 567	No	Yes
W6	8	41	Yes	41	+ 48	No	No
W7	24	43	Yes	49	+ 58	No	No
W8	423	501	Yes	602	+ 726	No	Yes
W9	17	147	Yes	134	+ 9	No	No
W10	27	266	Yes	241	+ 319	No	Yes
W11	29	269	Yes	431	+ 723	No	No
W12	234	258	Yes	335	+ 5011	No	Yes
W13	498	457	Yes	457	+ 518	No	Yes
W14	472	425	Yes	432	+ 110	No	Yes
W15	269	265	Yes	215	+ 124	No	No
W16	513	723	Yes	644	+ 123	No	Yes
W17	163	349	No	326	— <sup>3</sup>	No	No
W18	160	427	Yes	598	+ 548	No	Yes
W19	263	425	Yes	291	+ 223	No	Yes

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1954-5.





## APPENDIX TABLE 15.5

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN WEST GODAVARI—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
W1	Full-time paid	Well	702	Yes <sup>2</sup>	—	C
W2	Full-time paid	Well	1,124	Yes <sup>2</sup>	20,500	B
W3	Full-time paid	Badly	678	Yes <sup>2</sup>	—	C
W4	Full-time paid	Well	858	Yes <sup>2</sup>	20,500	B
W5	Part-time paid	Well	675	Yes <sup>2</sup>	—	B
W6	Honorary	Well	—	No	—	B
W7	Honorary	Badly <sup>3</sup>	—	No	—	B
W8	Full-time paid	Well	— <sup>4</sup>	Yes <sup>5</sup>	17,000	A
W9	Honorary	Well	—	No	—	B
W10	Honorary	Well	—	No	—	C
W11	Honorary	Well	—	No	—	B
W12	Full-time paid	Well	— <sup>4</sup>	Yes <sup>5</sup>	—	B <sup>4</sup>
W13	Full-time paid	Well	— <sup>4</sup>	Yes <sup>5</sup>	11,000	B
W14	Full-time paid	Well	— <sup>4</sup>	Yes <sup>5</sup>	—	A
W15	Full-time paid	Well	977	Yes <sup>4</sup>	20,500	B
W16	Full-time paid	Well	1,160	Yes <sup>4</sup>	20,500	B
W17	Full-time paid	Well	615	Yes <sup>4</sup>	—	B
W18	Full-time paid	Well	785	Yes <sup>4</sup>	—	B
W19	Full-time paid	Well	1,197	Yes <sup>4</sup>	30,500	B

<sup>1</sup>Whether the secretary was (1) full-time paid ; (2) part-time paid ; (3) honorary ; (4) Village Level Worker (V. L. W.) ; (5) group secretary, etc.

<sup>2</sup>First set of Managing Committee members was nominated by the Deputy Registrar of Co-operative Societies.

<sup>3</sup>Co-operative Supervisors brought them up-to-date.

<sup>4</sup>Services of a Co-operative Inspector were sanctioned free of cost for one year from the date of joining duty.

<sup>5</sup>First set of Managing Committee members was nominated by the Deputy Registrar of Co-operative Societies. This was not in anticipation of any State contribution to share capital.

<sup>4</sup>Relates to small size society.

## APPENDIX TABLE 15.6

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN FEROZEPUR

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registra- tion <sup>1</sup>	Number of societies amalgama- ted	Number of villages in the juris- diction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
F1	SS	1925	—	1	47	16	15
F2	SS <sup>2</sup>	1920	—	1	13	5	4
F3	SS	1955	—	1	44	..	39
F4	SS <sup>2</sup>	1951	—	1	26	14	14
F5	SS <sup>2</sup>	1951	—	1	17	10	9
F6	SS	1954	—	1	34	6	10
F7	SS <sup>2</sup>	1951	—	1	23	7	7
F8	SS	1913	—	1	45	54	53
F9	SS	1950	—	1 <sup>3</sup>	53	15	14
F10	SS	1952	—	1 <sup>3</sup>	23	6	6
F11	SS	1951	—	1	159	..	28
F12	SS <sup>4</sup>	1950	—	1	30	6	6
F13	SS	1952	—	1 <sup>3</sup>	51	6	10
F14	SS	1926	—	1	91	19	24
F15	LS(C)	1951 (1956)	—	1	272	36	75
F16	SS <sup>2</sup>	1927	—	1	32	5	5
F17	SS	1928	—	1	217	47	48
F18	LS(A) <sup>5</sup>	1926 (1957)	3	1	136	25	35
F19	LS(A) <sup>5</sup>	1925 (1956)	4	1	182	24	32
F20	LS(C) <sup>5</sup>	1925 (1957)	—	1	134	36	50

(Source : General Supply Schedule No. 1 except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

LS(A)—Large size credit society formed by amalgamation.

LS(C)—Large size credit society formed by conversion.

SS —Small size credit society.

<sup>1</sup>Date of amalgamation or conversion shown within brackets.<sup>2</sup>Dormant.<sup>3</sup>Covered only a part of the village.<sup>4</sup>It advanced loans in the first month of the co-operative year 1955-6 and thereafter remained dormant.<sup>5</sup>Purposively selected.

## APPENDIX TABLE 15.6—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN FEROZEPUR

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
F1	— 4	68	2	—	+ 7	2	1
F2	— 19	92	—	—	—	—	—
F3	..	64	1	—	+369	—	—
F4	—	62	1	—	+ 8	—	—
F5	— 6	71	1	—	+ 6	—	—
F6	+ 79	53	0.3	—	+ 20	1	1
F7	—	61	0.2	—	— 36	2	1
F8	— 2	45	2	—	+ 38	3	1
F9	— 4	38	3	—	+ 29	26	15
F10	—	57	1	—	+ 70	21	25
F11	..	48	11	—	+ 99	8	4
F12	—	37	1	—	+ 24	1	1
F13	+ 89	47	3	—	+216	—	—
F14	+ 25	66	7	—	+ 16	5	2
F15	+109	45	18	—	+317	68	44
F16	—	44	1	—	— 2	38	20
F17	+ 2	74	6	—	+ 5	33	20
F18	+ 39	24	10	—	+171	3	2
F19	+ 34	54	10	—	+196	—	—
F20	+ 41	69	12	—	+ 89	5	2

<sup>1</sup>In 1956-7 over 1954-5.



APPENDIX TABLE 15.6—(Continued)

## SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN FEROZEPUR

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to out-standings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to out-standings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
F1	20	15	-24	—	—	1	1
F2	—	100	+50	—	—	3	1
F3	25	34	..	—	—	1	1
F4	14	100	—	—	—	3	1
F5	—	100	—	—	—	3	1
F6	—	79	+ 77	—	—	1	1
F7	—	90	+ 90	—	—	1	1
F8	15	41	- 20	—	—	3	1
F9	32	49	..	10	8	3	1
F10	60	—	-100	—	—	3	1
F11	4	46	- 31	—	—	3	1
F12	—	100	+ 71	—	—	3	1
F13	51	54	+ 17	—	—	3	1
F14	44	35	..	—	—	3	1
F15	76	—	- 2	—	—	3	1
F16	—	100	—	—	—	3	1
F17	15	69	- 19	—	—	3	1
F18	—	2	- 28	—	—	3	1
F19	75	77	+ 28	—	—	3	1
F20	100	2	..	—	—	3	1

<sup>1</sup>In 1956-7 over 1954-5.

£ Not affiliated to any marketing society

Not affiliated to any marketing society but linked

Affiliated to a marketing society but not linked

Affiliated and linked to a marketing society

\$ Members not reporting sale through co-operatives

Itself carried on marketing of produce and members reported sale through the society

Members selling produce directly through a marketing society to which the credit society was not affiliated

Members selling produce through the marketing society to which the credit society was affiliated

.. = 1.

.. = 2.

.. = 3.

.. = 4.

.. = 1.

.. = 2.

.. = 3.

.. = 4.

## APPENDIX TABLE 15.6

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN FERROZEPUR (*Concluded*)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
F1	Part-time paid	Badly	—	No	—	B
F2	No secretary	Badly	—	No	—	C-1
F3	Honorary	Badly	—	No	—	C-1
F4	Part-time paid	Badly	—	No	—	C-1
F5	Part-time paid	Badly	—	No	—	C-1
F6	No secretary	Badly	—	No	—	C-1
F7	No secretary	Badly	—	No	—	Under liquidation C-1
F8	Part-time paid	Badly	—	No	—	C-1
F9	Part-time paid	Badly	—	No	—	C-1
F10	Honorary	Badly	—	No	—	C-1
F11	Part-time paid	Badly	—	No	—	B
F12	Part-time paid	Badly	—	No	—	C-1
F13	Part-time paid	Badly	—	No	—	B
F14	Part-time paid	Badly	—	No	—	C-1
F15	Part-time paid	Well	600	No	1,000	A
F16	No secretary	Badly	—	No	—	D
F17	Part-time paid	Badly	—	No	—	B
F18	Part-time paid	Badly	635	No	1,000	B
F19	Full-time paid	Well	600	No	1,000	B
F20	Part-time paid	Badly	165	No	1,000	A

<sup>1</sup>Whether the secretary was (1) full-time paid ; (2) part-time paid ; (3) honorary ; (4) Village Level Worker (V. L. W.) ; (5) group secretary, etc.

## APPENDIX TABLE 15.7

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN ETAWAH

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registration	Number of villages in the jurisdiction	Number of members	Number of members per 100 rural families as in		Percentage increase (+) or decrease (-) in membership <sup>4</sup>
					1954-5	1956-7	
	1	2	3	4	5	6	7
E1	SS	1954	1	32	41	47	+ 14
E2	SS	1939	1	46	44	46	+ 5
E3	SS	1939	1	69	37	37	—
E4	SS <sup>1</sup>	1936	1	86	36	66	+ 83
E5	SS	1939	1	37	19	19	—
E6	SS	1955	1	57	35	41	+ 19
E7	SS	1956	1	45	— <sup>3</sup>	30	— <sup>3</sup>
E8	SS	1940	1	78	14	19	+ 30
E9	SS	1954	1	110	13	18	+ 43
E10	SS	1948	1	18	..	18	..
E11	SS	1948	1	30	27	34	+ 25
E12	SS <sup>2</sup>	1937	1	89	32	34	+ 9
E13	SS <sup>2</sup>	1936	1	77	15	33	+120
E14	SS <sup>2</sup>	1949	1	158	25	55	+123
E15	SS <sup>2</sup>	1949	1	133	54	72	+ 32
E16	SS <sup>2</sup>	1936	1	51	23	30	+ 31
E17	SS <sup>2</sup>	1936	1	118	28	47	+ 66

(Source : General Supply Schedule No. 1 except for columns 21, 24 and 25 which are based on Intensive Supply Schedule No. 2)

SS — Small size credit society.

<sup>1</sup>Situated in the Mahewa Rural Credit Project area.<sup>2</sup>Purposively selected and situated in the Mahewa Rural Credit Project area.<sup>3</sup>Comparable data are not available as the society was registered after June 1955.<sup>4</sup>In 1956-7 over 1954-5.

APPENDIX TABLE 15.7—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN ETAWAH

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (–) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital	Working capital (In thousands of rupees)
		Total	Of which State contribution				
	8	9	10	11	12	13	14
E1	—	1	—	..	—	—	1
E2	72	2	—	+ 6	7	5	6
E3	96	4	—	+ 3	1	1	6
E4	44	2	—	+ 93	1	1	7
E5	22	1	—	+ 56	1	1	2
E6	7	1	—	+163	—	—	1
E7	76	1	—	— <sup>2</sup>	—	—	7
E8	30	2	—	+ 14	1	5	2
E9	55	1	—	+144	—	—	6
E10	100	1	—	+ 21	26	31	2
E11	97	1	—	+ 29	—	—	4
E12	87	2	—	+ 64	—	—	12
E13	43	2	—	+ 57	1	1	6
E14	35	4	—	+155	—	—	5
E15	19	5	—	+ 62	—	—	9
E16	59	2	—	+ 26	2	1	8
E17	37	8	—	+ 19	4	4	13

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.



## APPENDIX TABLE 15.7—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN ETAWAH

(As at the end of June 1957, except stated otherwise)

Society number	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/instalments	Whether medium-term loans were given	Percentage of borrowings from co-operatives to total borrowings in 1956-7
	15	16	17	18	19	20	21
E1	16	No	76	..	No	No	47
E2	130	Yes	82	+ 514	No	No	100
E3	88	Yes	115	+ 17	No	No	42
E4	81	No	162	— <sup>3</sup>	I	No	48
E5	58	..	76	..	No	No	76
E6	20	..	—	— <sup>4</sup>	No	No	—
E7	147	..	112	— <sup>5</sup>	No	No	24
E8	29	..	55	..	No	No	41
E9	51	Yes	48	+ 93	No	No	20
E10	85	No	—	—	No	No	—
E11	141	Yes	114	+ 54	No	No	70
E12	130	Yes	106	— 34	No	No	70
E13	83	Yes	85	+ 95	K <sup>6</sup>	No	100
E14	31	No	43	— <sup>3</sup>	No	No	60
E15	66	Yes	53	+ 25	K & I	No	73
E16	152	Yes	188	+ 60	I	No	37
E17	111	Yes	79	+ 88	K	No	90

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1954-5.<sup>4</sup>No advances in 1956-7.<sup>5</sup>Comparable data are not available as the society was registered after June 1955.<sup>6</sup>Information relating to loans given in instalments is not available.

K — A part of the loan was given in kind

I — Loans were given in instalments

**APPENDIX TABLE 15.7—(Continued)**  
**SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL**  
**CREDIT SOCIETIES IN ETAWAH**

(As at the end of June 1957, except stated otherwise)

Society number	Proportion of overdues to out-standings (Per cent)	Net increase (1) or decrease (2) in proportion of overdues to out-standings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking		Status of the secretary <sup>4</sup>
	22	23	24	25	£	£	28
E1	—	—	—	—	1	1	No Secretary
E2	59	+ 1	—	—	1	1	Honorary
E3	65	+ 10	10	5	1	1	Honorary
E4	8	— 92	—	—	4 <sup>2</sup>	4	V.L.W.
E5	100	+ 59	—	—	1	1	Honorary
E6	100	—	—	—	1	1	Honorary
E7	1	—	—	—	1	1	Honorary
E8	100	+ 53	—	—	1	1	Honorary
E9	40	+ 40	—	—	1	1	Honorary
E10	100	+ 100	—	—	1	1	Part-time paid <sup>5</sup>
E11	6	+ 6	—	—	1	1	Part-time paid <sup>5</sup>
E12	9	+ 9	—	—	4 <sup>2</sup>	4	V.L.W.
E13	97	— 3	—	—	4 <sup>2</sup>	4	Honorary
E14	87	— 13	6	2	4 <sup>2</sup>	4	V.L.W.
E15	100	—	7	2	4 <sup>2</sup>	4	Honorary
E16	55	— 17	10	15	4 <sup>2</sup>	4	V.L.W. <sup>6</sup>
E17	100	—	17	26	4 <sup>2</sup>	4	Honorary

<sup>1</sup>In 1956-7 over 1954-5.

<sup>2</sup>Comparable data are not available as the society was registered after June 1955.

<sup>3</sup>Inter-linking of credit and marketing not effective.

<sup>4</sup>Whether the secretary was (1) full-time paid; (2) part-time paid; (3) honorary;

(4) Village Level Worker (V. L. W.); (5) group secretary, etc.

<sup>5</sup>Also known as group secretary.

<sup>6</sup>The society had an honorary secretary also.

£Not affiliated to any marketing society

Not affiliated to any marketing society but linked .. = 1.

Affiliated to a marketing society but not linked .. = 2.

Affiliated and linked to a marketing society .. = 3.

£Members not reporting sale through co-operatives .. = 4.

Itself carried on marketing of produce and members reported sale through the society .. = 1.

Members selling produce directly through a marketing society to which the credit society was not affiliated .. = 2.

Members selling produce through the marketing society to which the credit society was affiliated .. = 3.

.. = 4.

## APPENDIX TABLE 15.7

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN ETAWAH—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33
E1	Badly	—	No	—	C
E2	Badly	—	No	—	C
E3	Badly	—	No	—	C
E4	Badly	—	No	—	C
E5	Badly	—	No	—	C
E6	Badly	—	No	—	C
E7	Badly	—	No	—	Not audited C
E8	Badly	—	No	—	
E9	Badly	—	No	—	C
E10	Badly	—	No	—	C
E11	Badly	—	No	—	C
E12	Badly	—	No	—	C
E13	Badly	—	No	—	C
E14	Badly	—	No	—	C
E15	Badly	—	No	—	C
E16	Badly	—	No	—	C
E17	Badly	—	No	—	C

## APPENDIX TABLE 15.8

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN MANDSAUR

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registra- tion <sup>1</sup>	Number of societies amalgama- ted	Number of villages in the juris- diction	Number of members	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
M 1	SS	1920	—	1	26	..	5
M 2	SS	1920	—	1	22	..	4
M 3	SS	1955	—	1	11	— <sup>2</sup>	48
M 4	SS	1928	—	1	13	36	46
M 5	SS	1919	—	1	39	44	33
M 6	SS	1955	—	1	33	7	22
M 7	SS	1952	—	1	45	10	13
M 8	SS	1928	—	1	31	35	63
M 9	SS	1956	—	1	20	— <sup>2</sup>	32
M19	SS	1950	—	1	42	11	24
M11	SS	1949	—	3	62	9	9
M12	SS	1928	—	1	27	51	57
M13	SS	1954	—	1	19	4	7
M14	SS	1950	—	2	31	34	36
M15	LS(A) <sup>3</sup>	1949 (1956)	7	16	311	19	27
M16	LS(A) <sup>4</sup>	1928 (1957)	21	1	39	7	8

(Source: General Supply Schedule No. 1 except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

LS(A) — Large size credit society formed by amalgamation.

SS — Small size credit society.

<sup>1</sup>Date of amalgamation shown within brackets.

<sup>2</sup>Comparable data are not available as the society was registered after June 1955.

<sup>3</sup>Purposively selected.

<sup>4</sup>Purposively selected; registered as a large size credit society in May 1957; actual amalgamation took place in June. Data relate to one of the amalgamated societies only.

APPENDIX TABLE 15.8—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN MANDSAUR

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
M 1	..	81	1	—	+ 26	4	1
M 2	..	55	1	—	+ 15	5	2
M 3	— <sup>2</sup>	100	0.3	—	— <sup>2</sup>	1	—
M 4	+ 30	62	0.2	—	+ 18	1	1
M 5	— 25	64	1	—	+ 30	4	1
M 6	+200	91	1	—	— <sup>2</sup>	—	—
M 7	+ 22	89	1	—	+ 68	3	1
M 8	+ 82	100	1	—	+ 64	2	1
M 9	— <sup>2</sup>	80	1	—	— <sup>2</sup>	—	—
M10	+110	76	1	—	+286	2	1
M11	—	48	1	—	—	4	6
M12	+ 13	70	2	—	+194	4	1
M13	+ 90	79	0.4	—	+344	1	—
M14	+ 7	87	1	—	+ 29	2	1
M15	+ 41	67	23	10	+165	15	6
M16	+ 11	51	1	—	+ 23	3	2

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.<sup>3</sup>Registered in June 1955 and practically did not start working in 1954-5.

APPENDIX TABLE 15.8—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN MANDSAUR

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/installments	Whether medium-term loans were given
	15	16	17	18	19	20	21
M1	7	273	Yes	183	+ 1,020	No	Yes
M2	5	220	Yes	65	— 5	No	Yes
M3	3	255	Yes	157	— <sup>3</sup>	No	Yes
M4	2	118	No	89	— <sup>4</sup>	No	Yes
M5	16	413	Yes	118	+ 27	No	Yes
M6	7	218	Yes	148	— <sup>5</sup>	No	Yes
M7	16	345	Yes	301	+ 290	No	Yes
M8	6	205	Yes	161	+ 85	No	Yes
M9	4	207	Yes	177	— <sup>3</sup>	No	Yes
M10	7	172	No	96	— <sup>4</sup>	No	Yes
M11	4	62	Yes	16	— 19	No	Yes
M12	7	253	Yes	169	+ 2	No	Yes
M13	4	194	Yes	161	+ 259	No	Yes
M14	8	272	Yes	136	+ 29	No	Yes
M15	75	242	..	304	+ 1,608	No	Yes
M16	6	165	Yes	65	— 50	No	Yes

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>Comparable data are not available as the society was registered after June 1955.<sup>4</sup>No advances in 1954-5.<sup>5</sup>Registered in June 1955 and practically did not start working in 1954-5.

## APPENDIX TABLE 15.8—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN MANDSAUR

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to outstandings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to outstandings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
M1	57	11	—10	—	—	1	1
M2	85	18	+10	—	—	1	1
M3	79	2	— <sup>2</sup>	—	—	1	1
M4	17	2	+ 2	—	—	1	1
M5	—	9	—17	—	—	1	1
M6	37	5	— <sup>3</sup>	—	—	1	1
M7	46	1	—17	—	—	1	1
M8	25	—	—	—	—	1	1
M9	46	—	— <sup>2</sup>	—	—	1	1
M10	6	3	—97	—	—	1	1
M11	14	79	+47	—	—	1	1
M12	12	15	+ 6	—	—	1	1
M13	30	6	— 4	—	—	1	1
M14	23	21	— 5	—	—	1	1
M15	69	6	—36	9	4	1	3
M16	65	18	+12	—	—	1	1

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.<sup>3</sup>Registered in June 1955 and practically did not start working in 1954-5.

£Not affiliated to any marketing society

.. = 1.

Not affiliated to a marketing society but linked

.. = 2.

Affiliated to a marketing society but not linked

.. = 3.

Affiliated and linked to a marketing society

.. = 4.

\$Members not reporting sale through co-operatives

.. = 1.

Itself carried on marketing of produce and members reported sale through the society

.. = 2.

Members selling produce directly through a marketing society to which the credit society was not affiliated

.. = 3.

Members selling produce through the marketing society to which the credit society was affiliated

.. = 4.

## APPENDIX TABLE 15.8

## SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN MANDSAUR—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
M1	Group Secretary <sup>2</sup>	Badly	—	No	—	D
M2	Group Secretary <sup>2</sup>	Badly	—	No	—	D
M3	Group Secretary <sup>2</sup>	Well	—	No	—	C
M4	Group Secretary <sup>2</sup>	Badly	—	No	—	D
M5	Group Secretary <sup>2</sup>	Badly	—	No	—	A
M6	Group Secretary <sup>2</sup>	Well	—	No	—	D
M7	Group Secretary <sup>2</sup>	Well	—	No	—	C
M8	Group Secretary <sup>2</sup>	Well	—	No	—	C
M9	Group Secretary <sup>2</sup>	Well	—	No	—	C
M10	Group Secretary <sup>2</sup>	Badly	—	No	—	C
M11	Group Secretary <sup>2</sup>	Badly	—	No	—	C
M12	Group Secretary <sup>2</sup>	Well	—	No	—	C
M13	Group Secretary <sup>2</sup>	Well	—	No	—	C
M14	Group Secretary <sup>2</sup>	Well	—	No	—	D
M15	Full-time Paid	Badly	—	Yes	—	C
M16	Group Secretary <sup>2</sup>	Well	—	No	—	B

<sup>1</sup>Whether the secretary was (1) full-time paid; (2) part time paid; (3) honorary; (4) Village Level Worker (V.L.W.); (5) group secretary, etc.

<sup>2</sup>Employees of Central Co-operative Bank in charge of a group of societies.



## APPENDIX TABLE 15.9

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN GAYA

(As at the end of June 1957, except stated otherwise)

Society number	Whether treated as small size/ large size	Date of registration <sup>1</sup>	Number of societies amalgamated	Number of villages in the jurisdiction	Number of members <sup>2</sup>	Number of members per 100 rural families as in	
						1954-5	1956-7
	1	2	3	4	5	6	7
G 1	SS	1954	—	1	21	2	2
G 2	SS <sup>3</sup>	1953	—	1	15	13	13
G 3	SS <sup>3</sup>	1919	—	1	15	12	12
G 4	SS <sup>4</sup>	1950	—	2	30	29	29
G 5	SS	1950	—	1	44	30	32
G 6	SS <sup>5</sup>	1922	—	1	1	34	34
G 7	SS <sup>5</sup>	1956	—	2	44	— <sup>6</sup>	9
G 8	SS <sup>5</sup>	1950	—	1	58	30	30
G 9	SS <sup>3</sup>	1947	—	1	6	18	18
G10	SS <sup>3</sup>	1947	—	1	18	16	15
G11	SS <sup>3</sup>	1950	—	1	7	24	24
G12	LS(A) <sup>7</sup>	(1957)	10	10	65	..	1
G13	LS(A) <sup>7</sup>	1920 (1957)	9	8	55	1	7
G14	SS <sup>7</sup>	1917	—	1	21	37	37
G15	LS(A) <sup>8</sup>	1955 (1957)	2	11	74	..	9

(Source: General Supply Schedule No. 1 except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

Note: In addition there were 3 more dormant societies in one of the villages selected for demand investigation. Records in respect of these societies were not available.

LS(A)— Large size credit society formed by amalgamation.

SS — Small size credit society.

<sup>1</sup>Date of amalgamation shown within brackets.<sup>2</sup>Excluding nominal members.<sup>3</sup>Dormant.<sup>4</sup>Dormant for all practical purposes but members sold sugarcane through a nearby sugarcane union to which the society was affiliated.<sup>5</sup>Registered in January 1956 but started functioning from June 1956.<sup>6</sup>Comparable data not available as the society was registered after June 1955.<sup>7</sup>Purposely selected.

## APPENDIX TABLE 15.9—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN GAYA

(As at the end of June 1957, except stated otherwise).

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
G 1	+11	5	0.2	—	+11	—	—
G 2	—	67	0.1	—	—23	—	—
G 3	—	47	0.2	—	—	—	—
G 4	—	—	0.3	—	—	—	—
G 5	—	55	0.4	—	+20	—	—
G 6	—	7	—	—	—	—	—
G 7	— <sup>2</sup>	18	1	—	— <sup>2</sup>	—	—
G 8	—	—	1	—	—	—	—
G 9	—	..	0.3	—	—	—	—
G 10	—	28	0.2	—	+ 6	—	—
G 11	—	—	0.5	—	..	86	53
G 12	..	..	2	—	..	—	—
G 13	..	89	0.3	—	..	—	—
G 14	+50	90	0.2	—	—	2	1
G 15	..	66	1	—	..	—	—

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.

## APPENDIX TABLE 15.9—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN GAYA

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/instalments	Whether medium-term loans were given
	15	16	17	18	19	20	21
G 1	0.2	11	No	—	— <sup>3</sup>	No	No
G 2	1	56	No	—	— <sup>3</sup>	No	Yes <sup>4</sup>
G 3	0.3	23	No	—	—	No	No
G 4	0.3	10	No	—	—	No	No
G 5	2	52	No	42	— <sup>5</sup>	I	Yes
G 6	..	..	No	—	—	No	No
G 7	10	220	No	157	— <sup>5</sup>	K & I	No
G 8	1	17	No	—	—	No	No
G 9	0.4	62	No	—	—	No	No
G10	1	38	No	—	—	No	No
G11	1	161	No	—	—	No	No
G12	2	28	..	—	— <sup>3</sup>	No	No
G13	4	80	Yes	43	..	K	No
G14	3	145	No	86	— <sup>5</sup>	K	No
G15	10	130	No	111	..	K	Yes

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1956-7.<sup>4</sup>Only in 1954-5.<sup>5</sup>No advances in 1954-5.<sup>\*</sup>Comparable data are not available as the society was registered after June 1955.

K—A part of the loan was given in kind.

I—Loans were given in instalments.

APPENDIX TABLE 15.9—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN GAYA

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to outstandings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to outstandings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
G 1	—	100	—	—	—	1	1
G 2	—	100	—	—	—	1	1
G 3	—	100	—	—	—	1	1
G 4	—	—	—	10	12	3	4
G 5	—	4	— 96	30	82	1	3
G 6	—	100	—	—	—	1	1
G 7	31	100	— <sup>2</sup>	—	—	1	1
G 8	— <sup>3</sup>	—	—	— <sup>3</sup>	— <sup>3</sup>	1	1
G 9	— <sup>3</sup>	100	—	— <sup>3</sup>	— <sup>3</sup>	1	1
G10	—	100	—	—	—	1	1
G11	—	—	—	—	—	1	1
G12	— <sup>3</sup>	—	..	—	—	1	1
G13	73	100	—	—	—	1	1
G14	32	100	+100	90	100	1	3
G15	93	63	..	—	—	1	1

<sup>1</sup>In 1956-7 over 1954-5.<sup>2</sup>Comparable data are not available as the society was registered after June 1955.<sup>3</sup>Data were not tabulated.

£Not affiliated to any marketing society

Not affiliated to any marketing society but linked

Affiliated to a marketing society but not linked

Affiliated to a marketing society and linked

\$Members not reporting sale through co-operatives

Itself carried on marketing of produce and members reported sale through the society

Members selling produce directly through a marketing society to which the credit society was not affiliated

Members selling produce through the marketing society to which the credit society was affiliated

.. = 1.

.. = 2.

.. = 3.

.. = 4.

.. = 1.

.. = 2.

.. = 3.

.. = 4.

## APPENDIX TABLE 15.9

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN GAYA—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
G 1	Honorary	Badly	—	No	—	C
G 2	Honorary	Badly	—	No	—	C
G 3	Honorary	Badly	—	No	—	D
G 4	Honorary	Badly	—	No	—	C
G 5	Honorary	Badly	—	No	—	C
G 6	Honorary	Badly	—	No	—	C
G 7	Honorary	Badly	—	No	—	New
G 8	Honorary	Badly	—	No	—	..
G 9	Honorary	Badly	—	No	—	D
G10	Honorary	Badly	—	No	—	C
G11	Honorary	Badly	—	No	—	D
G12	Full-time paid <sup>2</sup>	Badly	— <sup>2</sup>	No	—	Not audited
G13	Honorary	Badly	—	No	—	C
G14	Honorary <sup>4</sup>	Badly	—	No	—	B
G15	Full-time paid <sup>2</sup>	Badly	— <sup>2</sup>	No	—	Not classified

<sup>1</sup>Whether the secretary was (1) full-time paid; (2) part-time paid; (3) honorary; (4) Village Level Worker (V.L.W.) ; (5) group secretary, etc.

<sup>2</sup>Free services of a Government official were made available.

<sup>3</sup>Trained manager on deputation from Government in addition to an honorary secretary.

<sup>4</sup>A Village Level Worker maintained the accounts.

## APPENDIX TABLE 15.10

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN NADIA

(As at the end of June 1957, except stated otherwise)

Society No.	Whether purposely selected <sup>1</sup> or dormant <sup>2</sup>	Date of formation or of conversion	Number of societies purposely selected	Number of villages in the pur- vision	Number of members	Number of members per 100 total families as in	
						1954-5	1956-7
1	2	3	4	5	6	7	8
N 1	SS <sup>3</sup>	1923	—	1	21	46	46
N 2	SS <sup>3</sup>	1927	—	1	11	26	26
N 3	SS <sup>3</sup>	1939	—	1	14	12	12
N 4	SS <sup>3</sup>	1939	—	1	13	11	11
N 5	SS <sup>3</sup>	1921	—	1	24	27	27
N 6	SS <sup>3</sup>	1917	—	1	107	14	18
N 7	SS <sup>3</sup>	1922	—	1	53	16	21
N 8	SS <sup>3</sup>	1939	—	1	10	5	5
N 9	SS <sup>3</sup>	1940	—	1	11	14	14
N10	SS <sup>3</sup>	1948	—	1	152	131	158
N11	SS <sup>3</sup>	1916	—	1	20	3	3
N12	SS <sup>3</sup>	1925	—	1	25	5	5
N13	SS <sup>3</sup>	1925	—	1	28	6	6
N14	LS(C) <sup>3</sup>	1939 (1957)	—	15	402	17	26
N15	LS(C) <sup>3</sup>	1952 (1957)	—	12	407	9	18
N16	SS <sup>3</sup>	1928	—	1	167	..	..

(Source: General Supply Schedule No.1 except for columns 22, 25 and 26 which are based on Intensive Supply Schedule No. 2)

LS(C) — Large size credit society formed by conversion.

SS — Small size credit society.

<sup>1</sup>Date of conversion shown within brackets.<sup>2</sup>Dormant.<sup>3</sup>Purposely selected.

## APPENDIX TABLE 15.10 —(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN NADIA

(As at the end of June 1957, except stated otherwise)

Society number	Percentage increase (+) or decrease (—) in membership <sup>1</sup>	Percentage of indebted members to total number of members	Paid-up share capital (In thousands of rupees)		Percentage increase (+) or decrease (—) in share capital of members <sup>1</sup>	Average deposits per member (In rupees)	Deposits as percentage of working capital
			Total	Of which State contribution			
	8	9	10	11	12	13	14
N 1	—	48	0.2	—	—	—	1
N 2	—	73	0.4	—	—	—	—
N 3	—	14	—	—	—	—	—
N 4	—	15	—	—	—	—	—
N 5	—	96	1	—	—	22	13
N 6	+27	30	1	—	+ 22	2	7
N 7	+34	100	1	—	+ 66	—	—
N 8	—	20	—	—	—	—	—
N 9	—	100	—	—	—	—	—
N10	—33	4	9	—	+ 1	2	3
N11	—	50	—	—	—	2	3
N12	—	40	0.2	—	—	—	—
N13	—	54	0.1	—	—	—	—
N14	+47	34	11	—	+291	39	30
N15	+54	29	6	—	+ 55	—	—
N16	+16	86	7	—	+ 16	149	69

<sup>1</sup>In 1956-7 over 1954-5.

APPENDIX TABLE 15.10—(Continued)

## SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN NADIA

(As at the end of June 1957, except stated otherwise)

Society number	Working capital (In thousands of rupees)	Average working capital per member (In rupees)	Whether the society advanced loans in all the three years <sup>1</sup>	Average size of loan per member (In rupees)	Percentage increase (+) or decrease (—) in advances <sup>2</sup>	Whether loans were given in kind/installments	Whether medium-term loans were given
	15	16	17	18	19	20	21
N 1	1	37	No	—	—	No	No
N 2	1	117	No	—	—	No	No
N 3	—	4	No	—	—	No	No
N 4	—	3	No	—	—	No	No
N 5	4	166	No	—	—	No	No
N 6	3	32	No	—	— <sup>3</sup>	No	No
N 7	7	169	No	—	— <sup>3</sup>	No	No
N 8	—	1	No	—	—	No	No
N 9	0.1	9	No	—	—	No	No
N10	11	70	No	—	—	No	No
N11	2	78	No	—	—	No	No
N12	3	100	No	—	—	No	No
N13	3	104	No	—	—	No	No
N14	52	129	Yes	72	+271	No	No
N15	22	53	Yes	5	— 93	No	No
N16	36	215	Yes	99 <sup>4</sup>	+118	No	No

<sup>1</sup>Or from the year of registration if the society was registered after June 1955.<sup>2</sup>In 1956-7 over 1954-5.<sup>3</sup>No advances in 1956-7.<sup>4</sup>Relates to advances for non-agricultural purposes.



## APPENDIX TABLE 15.10—(Continued)

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN NADIA

(As at the end of June 1957, except stated otherwise)

Society number	Percentage of borrowings from co-operatives to total borrowings in 1956-7	Proportion of overdues to out-standings (Per cent)	Net increase (+) or decrease (—) in proportion of overdues to out-standings <sup>1</sup>	Proportion of members selling produce through co-operatives in 1956-7 (Per cent)	Proportion of total produce sold through co-operatives in 1956-7 (Per cent)	Whether arrangements were made for inter-linking	
						£	\$
	22	23	24	25	26	27	28
N 1	— <sup>2</sup>	100	—	— <sup>2</sup>	— <sup>2</sup>	1	1
N 2	—	100	—	—	—	1	1
N 3	— <sup>2</sup>	100	—	— <sup>2</sup>	— <sup>2</sup>	1	1
N 4	— <sup>2</sup>	100	—	— <sup>2</sup>	— <sup>2</sup>	1	1
N 5	—	100	—	—	—	1	1
N 6	—	100	+84	—	—	1	1
N 7	96	100	+80	—	—	1	1
N 8	— <sup>2</sup>	100	—	— <sup>2</sup>	— <sup>2</sup>	1	1
N 9	— <sup>2</sup>	100	—	— <sup>2</sup>	— <sup>2</sup>	1	1
N 10	—	100	—	—	—	1	1
N 11	—	100	—	—	—	1	1
N 12	—	100	—	—	—	1	1
N 13	—	100	—	—	—	1	1
N 14	100	4	—19	—	—	1	1
N 15	84	85	+81	—	—	1	1
N 16	92	15	+ 4	—	—	1	1

<sup>1</sup>In 1956-7 over 1954-5<sup>2</sup>Data were not tabulated

£ Not affiliated to any marketing society

Not affiliated to any marketing society but linked

Affiliated to a marketing society but not linked

Affiliated to a marketing society and linked

\$ Members not reporting sale through co-operatives

Itself carried on marketing of produce and members reported sale through the society

Members selling produce directly through a marketing society to which the credit society was not affiliated

Members selling produce through the marketing society to which the credit society was affiliated

.. = 1.

.. = 2.

.. = 3.

.. = 4.

.. = 1.

.. = 2.

.. = 3.

.. = 4.

## APPENDIX TABLE 15.10

SOME DETAILS RELATING TO SELECTED PRIMARY AGRICULTURAL  
CREDIT SOCIETIES IN NADIA—(Concluded)

(As at the end of June 1957, except stated otherwise)

Society number	Status of the secretary <sup>1</sup>	How were the accounts kept	Management subsidy received during 1954-5 to 1956-7 (In rupees)	Whether there were State nominees	Godown loan/subsidy received during 1954-5 to 1956-7 (In rupees)	Audit classification
	29	30	31	32	33	34
N 1	No Secretary	Badly	—	No	—	E
N 2	No Secretary	Badly	—	No	—	E
N 3	No Secretary	Badly	—	No	—	E
N 4	No Secretary	Badly	—	No	—	E
N 5	Honorary	Badly	—	No	—	E
N 6	Honorary	Badly	—	No	—	D
N 7	Honorary	Badly	—	No	—	C
N 8	Honorary	Badly	—	No	—	C
N 9	Honorary	Badly	—	No	—	C
N10	Honorary	Well	—	No	—	..
N11	Honorary	Badly	—	No	—	D
N12	Honorary	Badly	—	No	—	D
N13	No Secretary	Badly	—	No	—	D
N14	Full-time paid <sup>2</sup>	Well	1,250	No	—	Not audited Not audited B
N15	Full-time paid <sup>2</sup>	Well	300	No	10,000	
N16	Honorary	Badly	—	No	—	

<sup>1</sup>Whether the secretary was (1) full-time paid; (2) part-time paid; (3) honorary, (4) Village Level Worker (V.L.W.); (5) group secretary etc.

<sup>2</sup>In addition to the secretary there was a full-time paid and trained manager.

APPENDIX TABLE 15.11

## SPREAD OF CO-OPERATIVE MEMBERSHIP AMONG SMALL CULTIVATORS

	Proportion of members to total number of small cultivators in the district (Per cent)	Number of villages not located in the jurisdiction of any agricultural credit society	PROPORTION OF SMALL CULTIVATORS WHO WERE MEMBERS OF CO-OPERATIVES TO TOTAL NUMBER OF SMALL CULTIVATORS IN EACH OF THE VILLAGES SELECTED FOR DEMAND-SIDE INVESTIGATION COVERED BY A				
			SMALL SIZE SOCIETY			LARGE SIZE SOCIETY	
			Which had its head-quarters in the village itself (Per cent)	Which had its head-quarters outside the village (Per cent)	Which was dormant (Per cent)	Which had its head-quarters in the village itself (Per cent)	Which had its head-quarters outside the village (Per cent)
	1	2	3	4	5	6	7
Broach	14	—	1, 11, 27, 31	—, —, 1, 14,	Nil	5, 15, 17, 17, 28, 52 <sup>2</sup>	—, 27
East Khandesh	19	—	5, 8, 9, 10, 20, 32, 33, 38, 47	3, 5	7, 56	8, 29	— <sup>2</sup>
Dharwar	28	2	18, 36, 37, 39, 48, 51	—, 16	25	24, 30, 39	22, 36
Coimbatore	16	1	4, 6, 13, 24, 27, 41, 47	—, 6, 14, 19	8	35	31
West Godavari	21	3	9, 21, 49, 51, 56	Nil	Nil	60	5, 11, 15, 21, 23, 33, 35
Ferozepur	15	3	5, 8 <sup>2</sup> , 11 <sup>2</sup> , 16, 22, 33, 38, 41, 55	Nil	—, 1, 5	54	Nil
Etawah	22	5 <sup>1</sup>	6, 9, 12, 15, 18, 26, 30, 30, 32, 41, 78	Nil	Nil	Nil	Nil
Mandsaur	18	3	—, 11, 12, 13, 15, 20, 20, 26, 29, 33, 33, 40, 48	Nil	Nil	Nil	Nil
Gaya	2	6	—, 2 <sup>1</sup> , 3	Nil	—, —, —, —, 8, 10, 20	Nil	Nil
Nadia	10	6	10 <sup>2</sup> , 17	Nil	—, —, 5, 6, 6, 15, 36, 59	Nil	Nil

(Source : Listing Schedule data)

(Note: 'Nil' indicates that none of the sixteen selected villages was from this category.)

<sup>1</sup>Including a village in which a society was registered but did not start functioning.<sup>2</sup>In this village there was a dormant society also.<sup>3</sup>In this village, there were three dormant societies also.

APPENDIX TABLE 15.12

## SPREAD OF CO-OPERATIVE MEMBERSHIP AMONG TENANTS

	Proportion of members to total number of tenants in the district (Per cent)	Number of villages not located in the jurisdiction of any agricultural credit society	PROPORTION OF TENANTS WHO WERE MEMBERS OF CO-OPERATIVES TO TOTAL NUMBER OF TENANTS IN EACH OF THE VILLAGES SELECTED FOR DEMAND-SIDE INVESTIGATION COVERED BY A				
			SMALL SIZE SOCIETY			LARGE SIZE SOCIETY	
			Which had its head-quarters in the village itself (Per cent)	Which had its head-quarters outside the village (Per cent)	Which was dormant (Per cent)	Which had its head-quarters in the village itself (Per cent)	Which had its head-quarters outside the village (Per cent)
	1	2	3	4	5	6	7
Broach	11	—	5, 7, 10, 27	—, —, —	Nil	5, 6, 6, 11, 23, 44 <sup>2</sup>	—, 40
East Khandesh	15	—	—, —, —, —, —, 4, 5, 14, 17	—, —	—, 80	—, —	— <sup>2</sup>
Dharwar	24	2	17, 31, 41, 46, 47, 54	—, 16	17	17, 25, 40	20, 31
Coimbatore	13	1	—, —, —, —, 9, 19, 33, 68	3, 8, 10, 14	8	25	33
West Godavari	21	3	—, 33, 47, 61, 73	Nil	Nil	72	—, 4, 6, 17, 22, 37, 42
Ferozepur	8	3	—, —, 6 <sup>2</sup> , 8 <sup>2</sup> , 8, 21, 33, 50, 50	Nil	3, 5, 6	56	Nil
Etawah	21	5 <sup>1</sup>	13, 14, 15, 18, 19, 22, 33, 40, 42, 43, 67	Nil	Nil	Nil	Nil
Mandsaur	5	3	—, —, —, —, —, —, —, 13, 14, 50	Nil	Nil	Nil	Nil
Gaya	4	6	—, —, 40 <sup>3</sup>	Nil	—, —, —, —	Nil	Nil
Nadia	5	6	9 <sup>2</sup> , 10	Nil	—, —, —, —, 9, 28	Nil	Nil

(Source : Listing Schedule data)

(Note: 'Nil' indicates that none of the sixteen selected villages was from this category.)

<sup>1</sup>Including a village in which a society was registered but did not start functioning.<sup>2</sup>In this village there was a dormant society also.<sup>3</sup>In this village there were three dormant societies also.

## APPENDIX TABLE 15.13

CHANGE IN MEMBERSHIP OF PRIMARY CREDIT SOCIETIES  
IN 1956-7 OVER 1954-5

	Per-centage increase in membership (CSS data)	GENERAL SUPPLY SCHEDULE NO. 1. DATA <sup>1</sup>		
		PERCENTAGE INCREASE IN MEMBERSHIP OF		Percentage increase (+) or decrease (—) in membership in each of the selected large size societies
		Societies in the villages selected for demand side investigation	All the societies	
	1	2	3	4
Broach	21	22	19	—38, —8, —6, —4, +8, +19, +22, +43, +55, +135
East Khandesh	16	38	38	+9, +40, +371
Dharwar	23	23	39	+3, +4, +6, +41, +52, +83, +317
Coimbatore	— <sup>2</sup>	25	56	+28, +111, +154, +218,
West Godavari	106	63	76	+16, +41, +43, +46, +47, +68, +101, +119, +120, +123, +131, +141, +408, +1,630
Ferozepur	25	31	33	+34, +39, +41, +109
Etawah	51	20	41	No large size credit society
Mandsaur	28	20	31	+11, +41
Gaya	7 <sup>3</sup>	3	12	.., .., ..
Nadia	30	29	11	+47, +54

<sup>1</sup>While arriving at the figures regarding percentage increase in membership, if comparable data for the earlier years were not available, the societies were excluded. This applies also to figures relating to financial position, loans, advances, etc. Details in respect of such societies for which data were not available are given in Appendix Tables 15.1 to 15.10.

<sup>2</sup> For details see Table 15.1.

<sup>3</sup> Based on data in respect of 1,277 and 1,413 societies as at the end of June 1955 and June 1957, respectively, as against 1,355 and 1,504 societies in existence.



APPENDIX TABLE 16.1

PERCENTAGE INCREASE (+) OR DECREASE (—) IN ADVANCES IN 1956-7 OVER 1954-5

	Con- solidated Statistical State- ments data	GENERAL SUPPLY SCHEDULE NO. 1 DATA							
		For all the Soci- eties	For societies in villa- ges selec- ted for dem- and- side investi- gation	In each of the selected large size credit societies					
	1	2	3	4					
Broach	+ 84	+ 50	+ 64	— 27 +170	— 26 +343	— 2 +737	+ 1 +916	+ 5	+ 37
East Khandesh	+ 40	+ 19	+ 19	— 33	+ 46	+ 70			
Dharwar	+165	+292	+229	Data for 1954-5 not avail- able	No ad- vances in 1956-7	— 15 +7,994	+412	+417	+2,010
Coimbatore	+ 70	+296	+168	No ad- vances in 1954-5	+ 32	+485	+1,181		
West Godavari	+211	+304	+400	No ad- vances in 1954-5 +223 +1,174	No ad- vances in 1954-5 +518 +5,011	+110 +548	+123 +567	+124 +629	+156 +726
Ferozepur	+ 42	+ 94	+ 84	— 98	+ 97	+113	+259		
Etawah	+ 66	+ 78	+178	No	large	size	credit	society	
Mandsaur	+194	+364	+142	— 50	+1,608				
Gaya	+ 48	+219	+ 61	No ad- vances in 1956-7	..	..			
Nadia	— 29	— 12	No ad- vances in 1956-7	— 93	+271				

## APPENDIX TABLE 16.2

AVRAGE AMOUNT BORROWED DURING MAY 1956 TO APRIL 1957  
FROM DIFFERENT CREDIT AGENCIES CLASSIFIED ACCORDING  
TO RATE OF INTEREST

(Amount in rupees per cultivating family)

District Credit agency	Nil per cent	Upto 6½ per cent	6½ to 9½ per cent	9½ to 12½ per cent	12½ to 18 per cent	18 to 25 per cent	25 to 35 per cent	35 to 50 per cent	Above 50 per cent	Total
	1	2	3	4	5	6	7	8	9	10
<b>Broach</b>										
Government	—	26.4	—	—	—	—	—	—	—	26.4
Co-operatives	—	148.4	3.7	—	—	—	—	—	—	152.1
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	54.4	—	—	—	—	—	—	—	—	54.4
Private credit agencies and others	4.2	17.2	21.5	114.3	3.9	61.2	—	6.9	—	229.6 <sup>1</sup>
<b>Total</b>	<b>58.6</b>	<b>191.9</b>	<b>25.3</b>	<b>114.3</b>	<b>3.9</b>	<b>61.2</b>	<b>—</b>	<b>6.9</b>	<b>—</b>	<b>462.5</b>
<b>East Khandesh</b>										
Government	—	—	—	—	—	—	—	—	—	—
Co-operatives	—	3.5	109.6	—	—	—	—	—	—	114.2 <sup>2</sup>
Commercial banks	—	—	3.2	—	—	—	—	—	—	3.2
Relatives	48.8	—	—	3.3	—	1.7	—	—	0.5	54.2
Private credit agencies and others	—	—	6.9	17.8	17.3	4.7	—	—	0.2	64.9 <sup>3</sup>
<b>Total</b>	<b>48.8</b>	<b>3.5</b>	<b>119.7</b>	<b>21.1</b>	<b>17.3</b>	<b>6.4</b>	<b>—</b>	<b>—</b>	<b>0.7</b>	<b>236.5</b>
<b>Dharnar</b>										
Government	—	4.8	—	—	—	—	—	—	—	4.8
Co-operatives	—	—	44.2	2.1	—	—	—	—	—	46.2
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	65.2	—	—	—	—	—	—	—	—	65.2
Private credit agencies and others	28.4	0.8	3.6	29.2	13.3	22.1	1.1	3.8	—	102.4 <sup>4</sup>
<b>Total</b>	<b>93.6</b>	<b>5.7</b>	<b>47.7</b>	<b>31.3</b>	<b>13.3</b>	<b>22.1</b>	<b>1.1</b>	<b>3.8</b>	<b>—</b>	<b>218.6</b>
<b>Colmbatore</b>										
Government	—	2.4	0.2	—	—	—	—	—	—	2.6
Co-operatives	—	12.9	1.9	—	—	—	—	—	—	14.8
Commercial banks	—	13.1	0.1	—	—	—	—	—	—	13.2
Relatives	6.1	—	—	—	—	—	—	—	—	6.1
Private credit agencies and others	—	23.7	24.5	127.1	1.2	1.5	—	—	—	177.9
<b>Total</b>	<b>6.1</b>	<b>52.2</b>	<b>26.7</b>	<b>127.1</b>	<b>1.2</b>	<b>1.5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>214.7</b>

(Source: General Demand Schedule No. 1)

<sup>1</sup>Includes Re 0.4 at unspecified rate of interest.

<sup>2</sup>Includes Re 1.0 at unspecified rate of interest.

<sup>3</sup>Includes Rs 18.0 at unspecified rate of interest.

<sup>4</sup>Includes Re 0.1 at unspecified rate of interest.



**APPENDIX TABLE 16.2**  
**AVERAGE AMOUNT BORROWED DURING MAY 1956 TO APRIL 1957**  
**FROM DIFFERENT CREDIT AGENCIES CLASSIFIED ACCORDING**  
**TO RATE OF INTEREST—Continued**  
 (Amount in rupees per cultivating family)

District/ Credit agency	Nil per cent	Upto 6½ per cent	6½ to 9¾ per cent	9¾ to 12½ per cent	12½ to 18 per cent	18 to 25 per cent	25 to 35 per cent	35 to 50 per cent	Above 50 per cent	Total
	1	2	3	4	5	6	7	8	9	10
<b>West Godavari</b>										
Government	—	3.8	—	—	—	—	—	—	—	3.8
Co-operatives	—	94.8	4.3	—	—	—	—	—	—	99.2
Commercial banks	—	7.2	—	—	—	—	—	—	—	7.2
Relatives	1.6	—	—	—	—	—	—	—	—	1.6
Private credit agencies and others	0.8	17.6	44.9	238.1	21.9	12.6	—	1.3	0.1	337.4
<b>Total</b>	<b>2.4</b>	<b>123.5</b>	<b>49.3</b>	<b>238.1</b>	<b>21.9</b>	<b>12.6</b>	<b>—</b>	<b>1.3</b>	<b>0.1</b>	<b>449.2</b>
<b>Ferozepur</b>										
Government	—	4.3	—	—	—	—	—	—	—	4.3
Co-operatives	—	—	26.7	0.9	—	—	—	—	—	27.5
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	207.8	—	—	—	—	—	—	—	—	207.8
Private credit agencies and others	0.2	—	3.0	78.4	200.3	35.8	—	1.6	0.6	328.6 <sup>1</sup>
<b>Total</b>	<b>208.0</b>	<b>4.3</b>	<b>29.7</b>	<b>79.4</b>	<b>200.3</b>	<b>35.8</b>	<b>—</b>	<b>1.6</b>	<b>0.6</b>	<b>568.3</b>
<b>Etawah</b>										
Government	—	2.5	—	—	—	—	—	—	—	2.5
Co-operatives	—	—	17.4	—	—	—	—	—	—	17.4
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	16.4	—	—	—	—	—	—	—	—	16.4
Private credit agencies and others	9.8	0.3	0.3	6.3	4.2	87.1	7.6	8.8	0.1	124.5
<b>Total</b>	<b>26.2</b>	<b>2.8</b>	<b>17.7</b>	<b>6.3</b>	<b>4.2</b>	<b>87.1</b>	<b>7.6</b>	<b>8.8</b>	<b>0.1</b>	<b>160.8</b>
<b>Mandsaur</b>										
Government	—	2.6	—	—	—	—	—	—	—	2.6
Co-operatives	—	—	23.2	—	—	—	—	—	—	23.2
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	8.1	—	—	—	—	—	—	—	—	8.1
Private credit agencies and others	0.5	2.8	18.3	54.1	102.1	64.3	1.0	0.5	—	243.5
<b>Total</b>	<b>8.6</b>	<b>5.3</b>	<b>41.5</b>	<b>54.1</b>	<b>102.1</b>	<b>64.3</b>	<b>1.0</b>	<b>0.5</b>	<b>—</b>	<b>277.3</b>
<b>Gaya</b>										
Government	—	3.8	—	—	—	—	—	—	—	3.8
Co-operatives	—	—	0.1	—	—	—	—	—	—	0.1
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	7.9	—	—	—	—	—	—	—	—	7.9
Private credit agencies and others	—	1.4	—	1.5	8.7	54.8	1.5	9.3	0.8	101.1 <sup>2</sup>
<b>Total</b>	<b>7.9</b>	<b>5.1</b>	<b>0.1</b>	<b>1.5</b>	<b>8.7</b>	<b>54.8</b>	<b>1.5</b>	<b>9.3</b>	<b>0.8</b>	<b>112.8</b>

<sup>1</sup>Includes Rs 8.7 at unspecified rate of interest.

<sup>2</sup>Includes Rs 23.0 at unspecified rate of interest.

## APPENDIX TABLE 16.2

AVERAGE AMOUNT BORROWED DURING MAY 1956 TO APRIL 1957  
FROM DIFFERENT CREDIT AGENCIES CLASSIFIED ACCORDING  
TO RATE OF INTEREST—*Concluded*

(Amount in rupees per cultivating family)

District/ Credit agency	Nil per cent	Upto 6½ per cent	6½ to 9½ per cent	9½ to 12½ per cent	12½ to 18 per cent	18 to 25 per cent	25 to 35 per cent	35 to 50 per cent	Above 50 per cent	Total
	1	2	3	4	5	6	7	8	9	10
<b>Nadia</b>										
Government	—	18.3	—	—	—	—	—	—	—	18.3
Co-operatives	—	1.0	0.6	—	—	—	—	—	—	1.7
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	39.0	—	—	—	—	—	—	—	—	39.0
Private credit agencies and others	2.6	—	—	2.5	—	4.0	1.6	24.3	39.8	84.0 <sup>1</sup>
<b>Total</b>	<b>41.7</b>	<b>19.4</b>	<b>0.6</b>	<b>2.5</b>	<b>—</b>	<b>4.0</b>	<b>1.6</b>	<b>24.3</b>	<b>39.8</b>	<b>143.0</b>
<b>Bikaner</b>										
Government	—	—	—	—	—	—	—	—	—	—
Co-operatives	—	—	—	—	—	—	—	—	—	—
Commercial banks	—	—	—	—	—	—	—	—	—	—
Relatives	4.3	—	—	—	—	—	—	—	—	4.3
Private credit agencies and others	1.2	1.9	1.0	20.6	20.2	2.4	—	—	—	317.2
<b>Total</b>	<b>5.5</b>	<b>1.9</b>	<b>1.0</b>	<b>20.6</b>	<b>20.2</b>	<b>2.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>321.5</b>

<sup>1</sup>Includes Rs 9.2 at unspecified rate of interest.

APPENDIX TABLE 16.3

SELECTED SOCIETIES WITH PROPORTION OF OVERDUES TO OUTSTANDINGS AT  
THE END OF JUNE 1957 AT 75 PER CENT AND ABOVE

	Society number	Remarks	Proportion of overdues to outstandings (Per cent)
Broach	(1) B9 (Small size)	Adverse seasonal conditions in the part of the district covered by the society—weak management and the presence of party faction—dominated by moneylenders and traders. A moneylender who was appointed by the society for the purpose of collecting overdues saw that the loans given by him were recovered first.	90
	(2) B10 (Small size)	Lethargy on the part of the Managing Committee—party politics and bad management—granting of loans over and above the individual credit limits.	80
East Khandesh	(1) K5 (Small size)	Party factions—bad management—lethargy on the part of the Managing Committee—only 51 out of 88 members indebted to society—only one loan was advanced during 1954-5, five loans in 1955-6 and none in 1956-7. High overdues even before the initiation of the pilot project.	100
Dharwar	(1) D2 (Small size)	Failure of crops—bad management—secretary and Managing Committee members defaulters—domination by big landlords.	100
	(2) D3 (Small size)	Failure of crops—inability of Co-operation Department to take action against defaulting members—Managing Committee members themselves defaulters.	96
	(3) D8 (Large size)	Lethargy on the part of the Managing Committee to run the society on business lines—inability of the Co-operation Department to take action against defaulters—one of the Managing Committee members was a defaulter.	86
	(4) D9 (Small size)	The society was dominated by the secretary—some of the Managing Committee members were defaulters—Managing Committee lethargic and was dominated by a trader—bad management.	97
	(5) D10 (Large size)	Bad management—Managing Committee members were defaulters—Managing Committee lethargic—presence of moneylenders and <i>dadal</i> on the Managing Committee—a defaulter dominated the affairs of the society upto the first part of 1957—did not get a clean start.	94
	(6) D12 (Large size)	Failure of crops—Managing Committee lethargic. Traders on the Managing Committee—chairman took <i>benami</i> loans.	86

(Source: General Supply Schedule No. 1)

APPENDIX TABLE 16.3—*Continued*

SELECTED SOCIETIES WITH PROPORTION OF OVERDUES TO OUTSTANDINGS AT THE END OF JUNE 1957 AT 75 PER CENT AND ABOVE

	Society number	Remarks	Proportion of overdues to outstandings (Per cent)
	(7) D13 (Large size)	Failure of crops lethargy on the part of Managing Committee members—party factions—chairman himself was a trader-cum-cultivator—Managing Committee members themselves were defaulters—did not have a clean start.	92
	(15) D15 (Large size)	Managing Committee members were lethargic—The chairman of the society was a big <i>wastanidar</i> and a trader.	100
Coimbatore	(1) C12 (Small size)	Scanty rainfall and drought—failure of crops—lethargy on the part of Managing Committee members.	94
West Godavari	(1) W3 (Large size)	President was very powerful and used to take <i>benevolence</i> loans—traders and landlords were on the Managing Committee—damage to crops due to overflowing of Collair lake—did not have a clean start.	100
Fatehpur	(1) F6 (Small size)	All the Managing Committee members of the <i>panchayat</i> were defaulters—society without a secretary—bad management.	79
	(2) F19 (Large size)	Lack of proper supervision—did not get a clean start.	77
Etawah	(1) E5 (Small size)	Management of the society was dominated by two persons—Managing Committee was lethargic—weak supervision.	100
	(2) E6 (Small size)	Overdues were negligible at Rs 13; outstandings were also Rs 13.	100
	(3) E8 (Small size)	Domination of <i>sarpanch</i> who did not know the rules and procedures properly—loans were given to his favourites—inadequate supervision—misappropriation—members of the Managing Committee defaulters.	100
	(4) E10 (Small size)	Bad management—domination of <i>sarpanch</i> who was a defaulter—party factions.	100
	(5) E13 (Small size)	Supervising machinery not effective—bad management.	97
	(6) E14 (Small size)	Bad management—required lot of persuasion to make the members repay the loans—party factions.	87
	(7) E15 (Small size)	Re-lending by some members of the Managing Committee at higher rate of interest—Managing Committee lethargic—irregularities—Co-operation Department was not taking any action.	100

## APPENDIX TABLE 16.3

SELECTED SOCIETIES WITH PROPORTION OF OVERDUES TO OUTSTANDINGS AT THE END OF JUNE 1957 AT 75 PER CENT AND ABOVE—(Concluded)

	Society number	Remarks	Proportion of overdues to outstandings (Per cent)
Mandsaur		Loans were disbursed by the Mahewa Union operating as a pay office of the central bank—consequently, role of the Managing Committee of the primary society was not important.	
	(8) E17 (Small size)	Members not keen on repayment of loans.	100
	(1) M11 (Small size)	Deliberate attempt on the part of the members not to repay the loans—Managing Committee was ineffective as the group secretary was dominating—Managing Committee members were also defaulters—ineffective supervision.	79
Gaya	(1) G1 (Small size)	Previous secretary was a defaulter—bad management—big cultivators in the Managing Committee—membership restricted to one community.	100
	(2) G7 (Small size)	Managing Committee members and the secretary were defaulters—loans taken in excess of the amount to which they were entitled to.	100
	(3) G13 (Large size)	Did not have a clean slate to start with—bad management—embezzlement by the previous secretary—Managing Committee lethargic.	100
Nadia	(4) G14 (Small size)	Caste domination—bad management.	100
	(1) N6 (Small size)	Influence of traders on Managing Committee—bad management—misappropriation by the secretary—affected by the Debt Settlement Board's awards.	100
	(2) N7 (Small size)	Damage to <i>rabi</i> crops due to floods in September 1956—subsequent drought—the village covered by another large size society.	100
	(3) N15 (Large size)	Failure of crops—influence of traders on the Managing Committee—the secretary was a big cultivator-cum-cloth merchant.	85

APPENDIX TABLE 16.4

## IMPORTANCE OF CO-OPERATIVE CREDIT

Villages selected for demand-side investigation	Whether covered by a large or small size credit society	Proportion of cultivating families borrowing from co-operatives	Average borrowings from co-operatives per cultivating family	Proportion of borrowings from co-operatives
		(Per cent)	(Rs)	(Per cent)
	1	2	3	4
<b>BROACH</b>				
Sangpore	LS	50	328	69
Panoli	LS	60	509	71
Saran	SS	35	376	44
Tankari	SS	53	348	48
Vaghwan	LS	48	384	55
Amletha	LS	23	175	38
<b>EAST KHANDESH</b>				
Viware	SS	27	87	93
Kalmode	SS	32	133	51
Padalse	LS	35	111	81
Ghumawal	SS	65	137	84
Virwade	SS	67	193	38
Bhawarkhede	SS	80	269	75
Jalake	SS	57	219	59
Bhamare	LS	75	193	50
Varathan	SS	40	189	50
Lehe Digar	SS	32	139	63
<b>DHARWAR</b>				
Undehalli	LS	38	187	61
<b>COIMBATORE</b>				
Chikkarasampalayam	LS	20	30	52
<b>WEST GODAVARI</b>				
Chataparru	LS	72	638	73
Arugolanu	LS	37	147	51
Unudurru	LS	27	358	28
Pothunuru	SS	70	100	66
Vageswarapuram	LS	38	159	28
<b>FEROZEPUR</b>				
Korial	LS	37	137	50
<b>ETAWAH</b>				
Jagmohanpur	SS	52	60	31
<b>MANDSAUR</b>				
Lampiya	SS	45	87	62
Sandhara	SS	33	159	38
Jagadi	SS	70	115	23

(Source : General Demand Schedule No. 1)

*Note:* Only those villages in which the proportion of families borrowing from co-operatives was 50 per cent or above or average borrowings per family from co-operatives were Rs 150 or above or proportion of borrowings from co-operatives was 50 per cent or above are enumerated here.

LS = Large size credit society.

SS = Small size credit society.

## APPENDIX

## SOME DETAILS REGARDING THE

District/ Society number	MEMBERSHIP AS ON 30 JUNE 1957		PAID-UP SHARE CAPITAL AS ON 30 JUNE 1957 SUBSCRIBED BY			Working capital as on 30 June 1957  (Rs)
	Primary societies	Indivi- duals	Societies  (Rs)	Indivi- duals  (Rs)	Govern- ment  (Rs)	
<b>BROACH</b>						
BMS 1 ...	9	302	18,700	10,750	—	29,784
BMS 2 ...	6	1,570	120	93,950	—	7,41,013
BMS 3 ...	11	595	19,875	45,925	—	8,30,594
BMS 4 ...	14	365	98,750	47,600	1,46,000	6,98,405
<b>EAST KHANDESH</b>						
KMS 1 ...	1	401	..	54,690	10,000 <sup>1</sup>	2,21,898
KMS 2 ...	26	173	635	7,945	5,000 <sup>1</sup>	50,006
KMS 3 ...	51	968	3,050	19,430	15,000 <sup>1</sup>	86,259
KMS 4 ...	13	1,437	600	14,195	7,510 <sup>1</sup>	85,058
KMS 5 ...	6	729	—	44,720 <sup>2</sup>	—	2,13,404
KMS 6 ...	—	782	—	123,770	20,000 <sup>1</sup>	5,26,136
<b>DHARWAR</b>						
DMS 1 ...	13	893	250	19,385	—	6,08,168
DMS 2 ...	6	765	2,400	1,33,350	50,000	8,10,588
DMS 3 ...	30	929	7,510	22,900	20,000	2,42,222
DMS 4 ...	104	830	6,375	7,175	13,000	2,80,005
<b>COIMBATORE</b>						
CMS 1 ...	35	520	3,315	8,275	10,000	63,412
CMS 2 ...	37	558	2,715	13,204	—	99,931
CMS 3 ...	56	1,670	1,530	41,328	—	2,44,920
CMS 4 ...	160	7,487	15,080	72,963	—	5,53,092
CMS 5 ...	118	4,268	2,820	41,034	10,000	12,86,871
<b>WEST GODAVARI</b>						
WMS 1 ...	23	2,338	6,385	46,940	—	10,89,843
WMS 2 ...	17	2,121	4,075	60,105	30,000	6,22,832
WMS 3 ...	—	1,344	3,250	39,795	25,000	7,14,279
WMS 4 ...	8	1,014	170	60,050	—	69,420
WMS 5 ...	3	602	600	10,560	—	39,005
<b>FEROZEPUR</b>						
FMS 1 ...	1	155	1,000	1,78,500	—	3,74,500
FMS 2 ...	—	201	—	1,00,000	25,000	4,31,431
FMS 3 ...	58	183	6,300	14,000	15,000	74,038
FMS 4 ...	—	41	—	4,800	—	11,457
<b>ETAWAH</b>						
EMS 1 ...	15	—	1,872	—	—	2,499
EMS 2 ...	35	60	10,888	441	—	60,940
EMS 3 ...	25	3	4,140	10	—	15,477
EMS 4 ...	25	89	4,760	2,752	—	80,300
<b>MANDSAUR</b>						
MMS 1 ...	18	98	1,400	5,579	10,200	65,223
<b>GAYA</b>						
GMS 1 ...	30	—	1,075	—	—	6,115
GMS 2 ...	12	—	856	—	—	3,595
GMS 3 ...	110	—	1,541	—	—	60,747
GMS 4 ...	111	—	1,504	—	—	1,28,756
GMS 5 ...	—	38	—	189	—	507
GMS 6 ...	—	51	—	102	—	102
GMS 7 ...	—	87	—	200	—	839
GMS 8 ...	—	180	—	175	—	239
<b>NADIA</b>						
NMS 1 ...	—	299	—	10,270	10,010	54,200

(Source : General Supply Schedule No. 1)

<sup>1</sup>From central co-operative bank.<sup>2</sup>Includes subscriptions by primary societies also.

TABLE 17.1

## WORKING OF THE SELECTED MARKETING SOCIETIES

District/ Society number	SHORT-TERM LOANS ADVANCED DURING 1956-7		Value of agricultural requisites sold or distributed in 1956-7 (Rs)	Value of produce marketed in 1956-7 (Rs)	Number of godowns
	Agricultural production	Agricultural marketing			
	(Rs)	(Rs)	(Rs)	(Rs)	
	7	8	9	10	11
<b>BROACH</b>					
BMS 1 ...	—	20,41,291	172	21,00,553	—
BMS 2 ...	306,975	24,02,863	—	24,23,241	—
BMS 3 ...	—	7,56,644	—	8,50,571	—
BMS 4 ...	8,515	25,014	—	28,532	— <sup>1</sup>
<b>EAST KHANDESH</b>					
KMS 1 ...	1,32,211	—	1,42,760	11,59,139	—
KMS 2 ...	17,718	—	1,35,427	5,90,272	—
KMS 3 ...	1,937	—	93,629	19,54,879	—
KMS 4 ...	2,01,108	—	1,23,202	21,46,026	—
KMS 5 ...	1,20,740	—	1,12,989	1,75,141	—
KMS 6 ...	3,22,665	—	1,43,248	20,64,837	—
<b>DHARWAR</b>					
DMS 1 ...	—	22,70,884	84,284	21,01,120	2
DMS 2 ...	1,39,915	25,27,266	1,93,021	24,91,043	2
DMS 3 ...	38,300	3,24,612	1,14,216	7,35,748	1
DMS 4 ...	—	2,65,375	1,57,485	21,09,099	1+1 Temporary shed
<b>COIMBATORE</b>					
CMS 1 ...	—	7,150	41,314	—	— <sup>1</sup>
CMS 2 ...	—	8,673	64,791	2,54,800	—
CMS 3 ...	—	90,675	68,263	1,21,278	—
CMS 4 ...	—	2,71,375	4,55,311	14,13,585	9
CMS 5 ...	—	3,51,851	4,11,228	9,14,405	2
<b>WEST GODAVARI</b>					
WMS 1 ...	—	12,64,980	3,60,307	—	1
WMS 2 ...	—	2,43,830	2,60,578	—	1
WMS 3 ...	—	3,15,755	5,01,325	—	—
WMS 4 ...	—	49,392	5,09,736	—	—
WMS 5 ...	—	10,050	1,88,655	—	—
<b>FEROZEPUR</b>					
FMS 1 ...	—	—	—	—	5
FMS 2 ...	—	—	—	8,93,912	4
FMS 3 ...	1,49,806 <sup>2</sup>	—	2,09,394	4,00,446	7
FMS 4 ...	14,014 <sup>2</sup>	—	54,880	1,90,857	—
<b>ETAWAH</b>					
EMS 1 ...	—	—	3,351	—	—
EMS 2 ...	—	—	27,507	—	1
EMS 3 ...	—	—	24,547	—	—
EMS 4 ...	—	48,734	1,43,144	68,059	1
<b>MANDASUR</b>					
MMS 1 ...	—	—	—	2,04,533	—
<b>GAYA</b>					
GMS 1 ...	—	—	2,384	—	—
GMS 2 ...	—	—	—	—	—
GMS 3 ...	—	—	—	15,80,267	—
GMS 4 ...	27,748	—	6,600	4,90,000	—
GMS 5 ...	—	—	—	6,938	—
GMS 6 ...	—	—	—	—	—
GMS 7 ...	183	—	—	16,031	—
GMS 8 ...	—	—	—	1,01,597	—
<b>NADIA</b>					
NMS 1 ...	200	—	—	68,205	1

<sup>1</sup>Under construction.<sup>2</sup>Loans issued to members and non-members.



## APPENDIX TABLE 18.1

SOME DETAILS REGARDING THE WORKING OF SELECTED PRIMARY  
CO-OPERATIVE LAND MORTGAGE BANKS AS AT THE END OF JUNE 1957

(Amount in rupees)

	NUMBER OF MEMBERS			WORKING CAPITAL	
	INDIVIDUALS				
Society Number	Borrowing	Non-borrowing	Others	Paid-up share capital	Reserve and other funds
	1	2	3	4	5
Broach					
BLM1	855	11	424	68,090	18,346
East Khandesh					
KLM1	424	20	1,404	43,063	25,414
KLM2	321	55	1,082	53,225	18,150
Dharwar					
DLM1	186	26	18	13,435	10,781
DLM2	203	42	479	18,620	5,096
DLM3	315	77	639	22,315	13,238
DLM4	202	41	432	17,410	12,476
Coimbatore					
CLM1	627	436	—	1,19,573	56,275
CLM2	271	100	—	44,000	11,000
CLM3	397	194	—	77,042	34,193
CLM4	374	337	—	84,206	39,370
CLM5	338	330	—	83,691	45,399
CLM6	344	363	—	54,390	16,745
CLM7	310	107	—	52,053	14,347
CLM8	756	167	—	1,63,263	88,385
CLM9	275	371	—	61,493	14,596
CLM10	631	163	—	97,154	34,347
West Godavari					
WLM1	1,072	517	—	1,45,792	55,860
WLM2	187	113	—	27,756	6,772
WLM3	412	289	—	60,000	19,000
WLM4	372	176	—	46,844	5,449
WLM5	684	242	—	95,972	36,967
WLM6	653	397	—	78,308	16,412

(Source: General Supply Schedule No. 3)

## APPENDIX TABLE 18.1—(Continued)

SOME DETAILS REGARDING THE WORKING OF SELECTED PRIMARY  
CO-OPERATIVE LAND MORTGAGE BANKS AS AT THE END OF JUNE 1957

(Amount in rupees)

Society Number	WORKING CAPITAL				OUTSTANDINGS AT THE BEGINNING OF THE YEAR	
	Borrowings from Central Land Mortgage Banks	Borrowings from Govern- ment	Loans and deposits from banks, societies, individuals and others	Total	Number	Amount
	6	7	8	9	10	11
<b>Broach</b>						
BLM1	9,19,661	—	17,598	10,23,695	316	8,19,090
<b>East Khandesh</b>						
KLM1	6,25,619	—	—	6,94,096	421	5,79,490
KLM2	5,03,424	—	—	5,74,799	331	5,54,411
<b>Dharwar.</b>						
DLM1	65,832	—	—	90,048	..	69,626
DLM2	1,15,561	—	—	1,39,276	93	1,24,312
DLM3	84,480	—	—	1,20,033	118	92,536
DLM4	70,718	—	—	1,00,605	59	77,898
<b>Coimbatore</b>						
CLM1	15,24,097	—	—	16,99,945	743	14,96,647
CLM2	6,57,000	—	—	7,12,000	288	6,07,467
CLM3	9,07,774	—	—	10,19,009	420	9,01,808
CLM4	10,20,850	—	5,441	11,49,867	446	9,92,808
CLM5	9,35,271	—	4,327	10,68,688	303	8,88,894
CLM6	6,82,082	—	—	7,53,217	314	5,89,212
CLM7	7,29,599	—	4,010	8,00,009	323	6,72,980
CLM8	21,17,618	—	5,252	23,74,518	721	19,39,263
CLM9	6,95,105	—	—	7,71,194	322	6,72,004
CLM10	11,64,932	—	—	12,96,433	606	10,95,152
<b>West Godavari</b>						
WLM1	19,29,328	—	—	21,30,980	1,143	17,80,697
WLM2	3,27,794	—	—	3,62,322	204	3,06,362
WLM3	7,83,000	—	7,000	8,69,000	342	6,45,181
WLM4	6,60,301	—	—	7,12,594	352	6,44,750
WLM5	12,95,610	—	—	14,28,549	608	12,11,953
WLM6	9,91,778	—	6,106	10,92,604	575	8,27,572

## APPENDIX TABLE 18.1

SOME DETAILS REGARDING THE WORKING OF SELECTED PRIMARY CO-OPERATIVE  
LAND MORTGAGE BANKS AS AT THE END OF JUNE 1957—(Concluded)

(Amount in rupees)

Society Number	LOANS ADVANCED DURING THE YEAR		OUTSTANDINGS AT THE END OF YEAR		Demand during the year	Overdue instalments
	Number	Amount	Number	Amount		
	12	13	14	15	16	17
Broach BLM1	68	2,10,600	382	9,94,468	67,025	21,317
East Khandesh KLM1	93	1,41,250	493	6,67,738	1,71,546	97,805
KLM2	21	35,900	325	5,25,604	1,05,105	41,605
Dharwar DLM1	4	11,900	..	64,781	16,200	7,409
DLM2	3	7,000	84	1,17,666	15,904	5,695
DLM3	6	15,750	106	94,230	24,600	9,155
DLM4	5	12,700	59	84,278	20,127	13,181
Coimbatore CLM1	71	2,02,563	766	15,75,420	95,739	—
CLM2	34	94,840	310	6,60,000	42,307	—
CLM3	32	1,27,100	399	9,44,354	86,676	2,122
CLM4	45	1,48,250	465	10,61,777	61,132	—
CLM5	35	1,52,200	326	9,66,877	76,360	3,143
CLM6	53	1,61,490	352	7,12,745	37,957	—
CLM7	36	1,09,750	348	7,40,745	41,985	—
CLM8	91	3,82,785	772	21,88,325	1,05,071	—
CLM9	25	83,000	340	7,25,031	96,873	66,900
CLM10	60	1,92,906	631	12,01,440	68,592	—
West Godavari WLM1	143	3,03,000	1,213	19,05,393	86,507	—
WLM2	29	58,760	206	3,31,198	18,522	—
WLM3	103	1,89,600	419	7,81,186	53,595	—
WLM4	36	66,330	372	6,67,908	32,445	—
WLM5	121	2,48,129	684	13,50,851	70,480	—
WLM6	135	2,48,200	653	10,04,352	71,420	—

APPENDIX TABLE 19.1—INDUSTRIAL CO-OPERATIVE STRUCTURE IN SELECTED DISTRICTS

(As on 30 June, 1957)

	Co-operative financing institution	Regional or apex marketing institution	NUMBER OF DIFFERENT TYPES OF INDUSTRIAL CO-OPERATIVES							
			Hand- loom weav- ers	Lea- ther and tann- ing	Car- pen- try and smi- thy	Metal indus- try	Forest labou- rers and labour contract societies	Jag- gery pro- ducers	Sheep- breed- ers and woollen weavers	Others
	1	2	3	4	5	6	7	8	9	10
Broach	The Southern Gujarat Indus- trial Co-ope- rative Bank, Surat	The District Industrial Co-operative Association	5	2	4	2	7	—	—	9
East Khandesh	The District Industrial Co-operative Bank	The District Industrial Co-operative Association	24	3	4	5	10	—	—	12
Dharwar	The Dharwar District Industrial Co-operative Bank	The District Industrial Co-operative Association	46	49	—	1	17	—	17	—
Coimbatore	The District Central Co-operative Bank	The State Handloom Weavers' Society	120	—	—	—	—	251	—	4
West Godavari	The District Central Co-operative Bank	The State Handloom Weavers' Society	55	1	—	2	—	—	—	15
Ferozepur	The District Central Co-operative Bank	The State Handloom Weavers' Society	11	40	1	4	61	—	—	10
Etawah	The Uttar Pradesh Industrial Co-operative Bank	The Uttar Pradesh Industrial Co-operative Association	33	—	—	—	—	—	—	—
Mandsaur	The Central Co-operative Bank	The Madhya Bharat Handloom Co-operative Society, Indore	13	17	—	—	—	—	—	16
Gaya	—	Bihar State Handloom Weavers' Co-operative Society	36	—	—	—	—	—	—	17
Nadia	—	The Ranaghat Sub- divisional Co-operative Industrial Union	48	—	—	—	—	—	—	22
Bikaner	—	The District Marketing Federation	16	3	—	—	—	—	6 <sup>1</sup>	2

<sup>1</sup> Sheep breeders' societies.

**APPENDIX TABLE 19.2—SOME DETAILS REGARDING THE WORKING OF SELECTED INDUSTRIAL CO-OPERATIVE SOCIETIES**

( As on 30 June 1957 )

(Amount in rupees)

Society Number	Member- ship	Owned funds	Loans from co-oper- ative banks and others	Loans from Govern- ment	Working capital	Value of requis- ites distrib- uted	Value of goods produced by society on its own account and marketed	Value of produce marketed
	1	2	3	4	5	6	7	8
<b>Broach</b>								
1. BRI1	15	305	30	—	665	44	—	—
2. BRI2	128	23,526	17,619	1,234	42,379	47,434	67,707	67,707
<b>East Khandesh</b>								
1. KI1	296	51,140	5,201	44,515	102,695	225,778	342,798	342,798
2. KI2	234	22,975	—	21,440	49,372	78,983	134,525	134,525
<b>Dharwar</b>								
1. DI1	..	10,266	10,000	10,000	31,095	—	62,876	62,876
2. DI2	..	88,795	6,000	—	94,795	—	69,217	69,217
<b>Coimbatore</b>								
1. CI1	346	65,528	2,419	—	68,547	280,968	414,158	414,158
2. CI2	116	27,334	7,969	—	37,175	56,034	91,044	91,044
3. CI3	91	1,008	—	—	1,008	—	—	3,080
4. CI4	500	63,736	102,749	1,881	173,186	247,173	461,115	461,115
5. CI5	474	230,534	99,958	1,575	367,363	843,039	1,163,548	1,163,548
6. CI6	24	253	—	—	253	—	—	949
<b>West Godavari</b>								
1. WI1	546	121,158	—	—	123,910	137,682	257,768	257,768
2. WI2	147	8,078	18,613	—	27,134	25,424	37,709	37,709
3. WI3	1147	175,865	232,557	775	414,070	513,049	—	888,138
<b>Ferozepur</b>								
1. FI1	25	2,449	2,088	—	14,824 <sup>1</sup>	17,971	—	61,472
2. FI2	19	3,534	9,500	—	20,534 <sup>2</sup>	—	22,793	22,793
<b>Etawah</b>								
1. EI1	99	2,729	—	—	2,729	—	—	73,883
2. EI2	85	1,296	—	—	1,300	—	—	126,683
3. EI3	90	894	166	—	1,060	4,352	—	110,657
4. EI4	124	1,304	—	—	1,455	2,188	—	130,487
<b>Mandsaur</b>								
1. MI1	110	8,896	—	—	8,896	—	—	160,004
2. MI2	88	5,839	—	—	5,839	—	—	96,121
3. MI3	21	621	1,457	755	2,888	—	—	—
4. MI4	13	902	2,020	—	3,037	—	—	—
5. MI5	26	3,331	4,415	—	7,746	—	—	—
<b>Gaya</b>								
1. GI1	27	60	405	—	465	—	339	339
2. GI2	32	4,852	—	9,000	16,088	1,832	18,916	18,916
<b>Nadia</b>								
1. NI1	247	1,300	—	—	1,300	—	—	—
2. NI2	191	9,576	—	16,730	26,441	—	15,784	15,784
3. NI3	197	1,656	7,088	23,175	32,613	—	113,269	113,269
4. NI4	319	13,255	—	24,290	37,545	—	13,566	13,566
5. NI5	—	—	—	—	—	—	—	—
<b>Bikaner</b>								
1. BI1	22	220	—	2,200	2,420	—	—	—
2. BI2	41	103	308	4,100	4,511	—	—	—
3. BI3	31	90	—	—	90	—	—	—
4. BI4	46	460	—	4,560	5,200	410	410	410

<sup>1</sup>Includes grants from cess fund, and undistributed profits.

<sup>2</sup>Including subsidy, undistributed dividend and profits.

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